COVER SHEET

0 0 0 0 0 0 1 4 5 4 9 0

SEC Registration Number

SHANG PROPERTIES, INC.

(Company's Full Name)

ADMINISTRATION OFFICE SHANGRI-LA
PLAZA MALL, EDSA COR. SHAW BLVD.
MANDALUYONG CITY

(Business Address: No. Street City/Town/Province)

ATTY. FEDERICO G. NOEL, JR.

(Contract Person)

(02)8370-2700

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Fiscal Year)

2 0 - P I S

(Form Type)

0 6 **1 7**

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SHANG
PROPERTIES

9 May 2025

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building,
PICC Complex
Roxas Boulevard, Manila

Thru: Corporate Finance Department

Re: **Shang Properties, Inc. (SPI)**

Gentlemen:

We are submitting herewith SPI's SEC Form 17-IS (Preliminary), which we have submitted to the Philippine Stock Exchange, Inc.

Thank you.

Very truly yours,
SHANG PROPERTIES, INC.
By:

FEDERICO G. NOEL, JR.
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [✓] Preliminary Information Statement [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter **SHANG PROPERTIES, INC.**

3. Philippines
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: 145490

5. BIR Tax Identification Code: 000-144-386

6. Level 5, Administration Office, Shangri-La Plaza Mall
   EDSA cor. Shaw Boulevard, Mandaluyong City 1550
   Address of principal office Postal Code

7. Registrant's telephone number, including area code (632) 8370-2700

8. The annual meeting of Registrant's stockholders will be held on **17 JUNE 2025 at 10:00 A.M. at Edsa Shangri-La Manila, No. 1 Garden Way, Ortigas Center, Mandaluyong City.**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **26 MAY 2024**, which is fifteen (15) business days prior to the date of the Annual Stockholders' Meeting on **17 JUNE 2025**.

10. No proxy solicitations will be made by Registrant.

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**4,764,056,287**[1] common shares (* not included are the Registrant's 2,695 treasury shares)

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes ✓ No ____

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    The Registrant's Common Shares are listed with the Philippine Stock Exchange.

[1] As of 30 April 2025 - Source: https://www.pse.com.ph/company-information-shng/

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

The annual meeting of Registrant's stockholders will be held on **17 JUNE 2025 at 10:00 A.M. at Edsa Shangri-La Manila, No. 1 Garden Way, Ortigas Center, Mandaluyong City.**

The approximate date on which the Information Statement is first to be sent and will be accessible at the Issuer's website at https://www.shangproperties.com/, or be given to security holders, starting on **26 MAY 2025, which is fifteen (15) business days prior to the date of the Annual Stockholders' Meeting on 17 JUNE 2025.**

Registrant's complete mailing address is as follows: **SHANG PROPERTIES, INC.**, Level 5, Administration Office, Shangri-La Plaza Mall, EDSA cor. Shaw Boulevard, Mandaluyong City 1550.

Item 2. Dissenters' Right of Appraisal

Any stockholder of the Issuer must have voted against any proposed corporate action to avail himself of the appraisal right and demand payment of the fair value of his shares as provided in the Revised Corporation Code of the Philippines. None of the stockholders on record voted against any proposed corporate action, thus, there is no matter scheduled to be taken up during the Annual Stockholder's Meeting which would give rise to the exercise of a stockholder's right of appraisal.

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand addressed to the Registrant for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: Provided, That the failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Registrant shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the Registrant's action by the stockholders, the withdrawing stockholder and the Registrant cannot agree on the far value of the shares, it shall be determined and appraised and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Registrant, and the third by the two (2) thus chosen. The findings of the majority appraisers shall be final, and their award shall be paid by the Registrant within (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the Registrant has unrestricted retained earnings in its books to cover such payment: Provided, further, That upon payment by the Registrant of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the Registrant. [2]

Appraisal right is available in the following instances:[3]

(1) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares;
(2) In case of any amendment to the Articles of Incorporation authorizing preferences in any respect superior to those of outstanding shares of any class;
(3) In case of amendment to the Articles of Incorporation extending the corporate term;
(4) In case of amendment to the Articles of Incorporation shortening the term of corporate existence;

[2] Sec. 81 of the Revised Corporation Code
[3] Sec. 80 of the Revised Corporation Code

(5) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
(6) In case of merger or consolidation
(7) In case of investment of corporate funds in another corporation or business or for any purpose other than the corporation's primary purpose; and
(8) In a close corporation under Section 104 of the Revised Corporation Code.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or officer of the Registrant or nominee for election as director of Registrant, or associate of any of the foregoing has/have a substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the Annual Stockholders Meeting, other than election to office for some of such persons.

No director of the Registrant has informed the Registrant in writing or otherwise that he intends to oppose any action to be taken by the Registrant at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Number of Shares Outstanding as of 30 APRIL 2025.

As of the date of submission of this Information Statement, the Registrant has **4,764,056,287** issued and outstanding common shares all with a par value of One Peso (₱1.00) per share. All shares have identical voting rights. Every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock as of record date. Every stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate his votes and give one candidate/nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit provided that the total number of votes cast by him shall not exceed the number of shares owned multiplied by the whole number of directors to be elected.

The Top 20 stockholders of the Issuer as of 30 APRIL 2025 [4] are:

Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1. Travel Aim Investment B.V	1,648,869,372	34.61%
2. Ideal Sites and Properties, Inc.	1,465,144,626	30.75%
3. PCD Nominee Corporation (PH)	1,001,633,014	21.02%
4. SM Development Corporation	187,350,548	3.93%
5. PCD Nominee Corporation (NON-FIL)	71,669,126	1.50%
6. KGMPP Holdings, Incorporated	52,925,445	1.11%
7. CCS Holdings, Incorporated	47,633,492	1.00%
8. Pecanola Company Limited	43,175,495	0.91%
9. Kuok Brothers SND. BHD.	37,023,839	0.78%
10. Kuok Foundation Overseas Limited	37,023,839	0.78%
11. GGC Holdings, Incorporated	26,224,322	0.55%
12. Kerry Holdings Limited	26,090,624	0.55%
13. Kuok (Singapore) Limited	24,848,214	0.52%
14. Kerry (1989) LTD.	12,424,107	0.26%
15. Kuok Traders (Hong Kong) LTD.	11,407,363	0.24%
16. Federal Homes, Inc.	4,808,478	0.10%
17. Luxhart Assets Limited	3,975,714	0.08%
18. Yan, Lucio W. Yan &/or Clara	3,142,857	0.07%
19. Antonio O. Cojuangco	3,026,964	0.06%
20. James Lim Go	3,000,000	0.06%

(b) The record date for the Registrant's Annual Stockholders' Meeting is 19 MAY 2025.

(c) Manner of Voting

Every stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate his votes and give one candidate/nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit provided that the total number of votes cast by him shall not exceed the number of shares owned multiplied by the whole number of directors to be elected.

There are no stated conditions precedent to the exercise of cumulative voting rights.

As of **30 APRIL 2025**, the total number of shareholders of Issuer's common shares is **5,095**[5].

(d) Security Ownership of Certain Record and Beneficial Owners of More Than 5%

Following are the stockholders who are known to the Issuer to be directly or indirectly the record and/or beneficial owner of more than 5% of any class of the Issuer's voting shares as of **30 APRIL 2025**[6].

[4] SPI Top 100 Report as of 30 April 2025
[5] SPI Board Lot Report as of 30 April 2025
[6] SPI Public Ownership as of 30 April 2025

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Travel Aim Investment B.V. 25/F Kerry Centre 683 King's Road Quarry Bay, HK	Kerry Properties Limited[7]	Foreign	1,648,869,372	35%
Common	Ideal Sites & Properties, Inc.	Ideal Sites & Properties, Inc.[8]	Filipino	1,465,144,626	31%
Common	PCD Nominee Corporation	PCD participants[9]	Filipino	998,839,774	21%

Travel Aim Investments B. V. is a wholly-owned subsidiary of Kerry Properties Limited. Kerry Properties Limited is a Bermuda company incorporated in 1996 and listed on the Hong Kong Stock Exchange. It is controlled by the Kuok Group, and was formed to hold the Hong Kong and Mainland China property investments and developments and infrastructure interests of the Kuok Group. In the Philippines, the interests of the Kuok Group are chaired by Mr. Edward Kuok who is also the Chairman and Director of the Issuer.

Ideal Sites and Properties, Inc. (Ideal) is the owner of record of 1,465,144,626 shares. These shares serve as underlying securities to the Philippine Deposit Receipts (PDRs) issued by Ideal. Ideal is a member of the Kuok Group of Companies. The votes for Ideal Sites and Properties, Inc., are to be cast by the said Company's appointed proxy, who is usually the Chairman of the Issuer's Annual Shareholders Meeting. The Annual Shareholders Meeting of the Issuer is usually chaired by Mr. Edward Kuok Khoon Loong, and in his absence, by Mr. Alfredo Ramos.

PCD Nominee Corporation is a wholly-owned subsidiary of the Philippine Depository & Trust Corp. (*formerly* Philippine Central Depository, Inc.) The PCD Nominee Corporation is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or on behalf of their clients and/or principals. PCD is a private company organized by the major institutions actively participating in the Philippine capital market.

Security Ownership of Management (as of 30 APRIL 2025)[10]

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Edward Kuok Khoon Loong	808,008 (Direct)	Malaysian	0.00%
Common	Maureen Alexandra R. Padilla	1 (Direct)	Filipino	0.00%
Common	Antonio O. Cojuangco	3,026,964 (Direct)	Filpino	0.06%
Common	Maximo G. Licauco III	1 (Direct)	Filipino	0.00%
Common	Benjamin Ivan S. Ramos	2 (Direct)	Filipino	0.00%
Common	Cynthia R. Del Castillo	1 (Direct)	Filipino	0.06%
Common	Karlo Marco P. Estavillo	5,000 (Direct)	Filipino	0.00%
Common	Cheng Wai Sun	1 (Direct)	Hong Kong Resident	0.00%
Common	Wolfgang Krueger	1,440,000 (Direct)	Deutsch	0.00%
Common	Federico G. Noel	1 (Direct)	Filipino	0.00%

As of the reporting of **SEC Form 20-IS for 2025**, the aggregate ownership of all directors and officers as a group unnamed is **5,280,978** shares or **0.1%** of the outstanding shares of Issuer.

[7] Travel Aim Investments B. V. is a wholly-owned subsidiary of Kerry Properties Limited.
[8] Ideal Sites and Properties, Inc. (Ideal) is the owner of record of 1,465,144,626 shares. These shares serve as underlying securities to the Philippine Deposit Receipts (PDRs) issued by Ideal. Ideal is a member of the Kuok Group of Companies.
[9] The PCD Nominee Corporation is the registered owner of the shares in the books of the Company's transfer agent in the Philippines.
[10] SPI Public Ownership as of 30 April 2025

VOTING TRUST / HOLDERS OF 5% OR MORE

None of the shareholders of Registrant have entered into a voting trust agreement, so that all questions relating to the same are irrelevant to the Registrant.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On 09 November 2009, the Issuer entered into a Memorandum of Agreement with its subsidiary Shang Properties Realty Corporation ("SPRC") (formerly, The Shang Grand Tower Corporation), wherein Issuer agreed with SPRC to develop a portion of Issuer's Property located at Edsa cor. Shaw Blvd., Mandaluyong City, into another commercial/retail building ("Project") comprised of a shopping mall, parking facilities, and high-rise residential condominium building to be known as "One Shangri-La Place". Under the MOA, Issuer commits to transfer a portion of its Property where the Project will be constructed, and to contribute up to PHP TWO BILLION FIVE HUNDRED MILLION and 00/100 (PHP2,500,000,000.00) to partially fund the construction of the Project. SPRC, for its part, will put up the rest of the funding required for the construction of the Project. On 20 September 2013, Shang Properties Realty Corporation purchased the Property from Issuer.

On 31 March 2011, Issuer's subsidiary, Shang Property Developers, Inc. executed a Deed of Absolute Sale with Asian Plaza I Condominium Corporation and Asian Plaza, Inc. (both are Filipino corporations), for the purchase of the mixed use condominium project known as the Asian Plaza I and the parcel of land of which said project stands, for a consideration of PHP SIX HUNDRED FIFTEEN MILLION and 00/100 (PHP615,000,000.00). The Asian Plaza I is located at the corner of Gil Puyat Ave., Tordesillas St. and H. V. de la Costa St., Salcedo village, Makati City.

On 27 June 2011, Issuer purchased Hervey Asia Corporation 50 million common shares and 270 million preferred shares in Shangri-La Plaza Corporation ("SLPC") (representing 21.28% equity in SLPC), for a total consideration of P450,000,000.00. Said sale increased Issuer's equity in SLPC from 78.72% previously to 100%, making SLPC a wholly-owned subsidiary of Issuer. SLPC owns and operates the mall establishment known as the Shangri-La Plaza which is located in Mandaluyong City.

On 02 April 2014, the Issuer's wholly owned subsidiaries, Shang Global City Holdings, Inc., and Shang Fort Bonifacio Holdings, Inc., acquired Alphaland Development, Inc.'s Twenty Per Cent (20%) equity in Shang Global City Properties, Inc., and Fort Bonifacio Shangri-La Hotel, Inc.

On 02 September 2014, the SEC approved the merger between Shang Global City Properties, Inc., and Fort Bonifacio Shangri-La Hotel, Inc., with Shang Global City Properties, Inc., as the surviving entity.

As noted above, on 02 September 2014, the SEC approved the merger between Shang Global City Properties, Inc., and Fort Bonifacio Shangri-La Hotel, Inc., with Shang Global City Properties, Inc., as the surviving entity. Other than this merger, Issuer's other subsidiaries have not undergone any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not classified as ordinary.

Portions of the Issuer's land where the Shangri-La Plaza Mall is located and the area known as the Internal Road are being leased to SLPC. The leases were renewed pursuant to agreements signed and executed between the parties dated 19 September 2017, which renewal shall expire on 06 January 2023. Rental income is calculated at 10% of SLPC's gross rental income net of prompt payment discount.

Issuer's subsidiary Shang Properties Realty Corporation and SLPC have in turn entered into an agreement whereby SLPC shall lease said mall facility from Issuer of a period of five (5) years commencing on September 2012, renewable upon mutual agreement of the Parties. Rental income is calculated at 12% of SLPC's annual rental income from mall operations. The lease has been renewed for another period which shall expire on 31 December 2022.

The Issuer leased a portion of its land to an affiliate, Edsa Shangri-La Hotel & Resort, Inc., where the latter's Edsa Shangri-La Hotel is located. The lease is for a period of twenty five (25) years commencing on 28 August 1992, renewable for another twenty five years at the option of the lessee. Rental income is computed on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service payments. In an agreement dated 26 August 2007, the lease was renewed for another 25 years commencing on 28 August 2017 until 27 August 2042.

The Issuer, in an agreement dated 22 March 2018, entered into a Joint Venture Agreement with Robinsons Land Corporation (RLC) whereupon a new joint venture entity will be incorporated (JVC). Issuer and RLC shall own said JVC on a 50%-50% basis. The JVC shall build and develop a property situated at McKinley Parkway cor. 5th Avenue and 21st Drive at Bonifacio Global City, Taguig, Metro Manila. The proposed project is intended to be a mixed-use development to include residential condominium units and commercial retail outlets. The joint venture agreement between Issuer and RLC has been duly approved by the Philippine Competition Commission. The Parties project an investment of P10Billion for the project.

<u>Business of Issuer</u>

(A) Description of Issuer

(i) The Issuer is a property development, real estate management and investment holding company. It is publicly subscribed and was listed in the Philippine Stock Exchange in June 13, 1991. Its significant and active subsidiaries are as follows:

- Shangri-La Plaza Corporation (100% owned by Issuer);
- SPI Parking Services, Inc. (formerly EDSA Parking Services, Inc.) (100 % owned by Issuer); and
- Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation (100 % owned by Issuer)
- EPHI Logistics Holdings, Inc. (60% owned by Issuer)
- Shang Global City Holdings, Inc. (100% owned by Issuer)
- Shang Fort Bonifacio Holdings, Inc. (100% owned by Issuer)
- Shang Property Management Services Corporation (formerly EPHI Project Management Services Corporation) (100% owned by Issuer)
- KSA Realty Corporation (70.04% owned by Issuer)
- Shang Property Developers, Inc. (100% owned by Issuer)
- Shang Global City Properties, Inc. (60% owned through the Issuer's wholly owned subsidiaries Shang Global City Holdings, Inc., and Shang Fort Bonifacio Holdings, Inc.)
- The Rise Development Company, Inc. (100% owned through Issuer's wholly owned subsidiary KPPI Realty Corporation)
- Shang Wack Wack Properties, Inc. (100% owned by Issuer)
- Classic Elite Holdings, Ltd. (100% owned by Issuer)
- SPI Property Holdings, Inc. (100% owned by the Issuer)
- SPI Property Developers, Inc. (100% owned by the Issuer)
- SPI Land Development Inc. (100% owned by the Issuer)
- Shang Robinsons Properties Inc. (50% owned by the Issuer)
- <u>SPI Realty Inc. formerly Rapidshare Realty and Development Corporation (100% owned by the Issuer)</u>

KSA Realty Corporation was incorporated on 03 August 1990 as a realty development company. It owns The Enterprise Center, one of the most modern and luxurious office buildings in the country which is located at the heart of the Makati Central Business District. On 15 June 2016, the Issuer purchased from Ocmador Philippines. B.V., the latter's 241,580 common shares of stock of KSA Realty Corporation, bringing Issuer's stock ownership to 70.04%.

Shangri-La Plaza Corporation was incorporated on 06 January 1993 to invest in, purchase, own, hold, lease and operate the Shangri-La Plaza Shopping Complex located at Mandaluyong City, Philippines. Its primary business is leasing. The Shangri-La Plaza Shopping Complex houses Rustan's department store, theater, cinema, restaurants, fast-food outlets, boutiques and specialty stores. Its tenants are leading international and local retailers such as Marks & Spencer, Escada, Hugo Boss, Rustan's, Zara, Debenham's, Armani, etc., which caters to the upscale market.

SPI Parking Services, Inc. ("SPSI") was incorporated on 14 November 2001 to own and/or manage and operate carpark facilities including those surrounding the Shangri-La Plaza Shopping Complex, and to render such other services as may be related or incidental to the management and operation of said carpark facilities.

EPHI Logistics Holdings, Inc., was incorporated on 20 August 2002 as a holding company.

The Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) was incorporated on 20 August 2003 as a realty development company. It constructed The Shang Grand Tower, a high-rise luxury condominium at the heart of the Makati Commercial Business District. It is also the owner and developer of The St. Francis - Shangri-La Place, a two-tower high rise residential condominium located in Ortigas, Mandaluyong City. It is also the owner and developer of One Shangri-La Place, a mixed-use high-rise development located at Edsa cor. Shaw Blvd., Mandaluyong City. At present, Shang Properties Realty Corporation is developing a residential condominium project on its newly acquired property located at Brgy. Kasambagan, Cebu City.

Shang Property Management Services Corporation was incorporated on 10 October 2006 for the purpose, among others, of acting as managing agents or administrators of Philippine corporations with respect to their business or properties.

Shang Global City Holdings, Inc., was incorporated on 11 December 2007 as a holding company.

Shang Fort Bonifacio Holdings, Inc., was incorporated on 11 December 2007 as a holding company.

Shang Global City Properties, Inc., was incorporated on 13 December 2007. By virtue of the SEC approved merger between Shang Global City Properties, Inc. and Fort Bonifacio Shangri-La Hotel, Inc., Shang Global City Properties, Inc., is now the owner and developer of the hotel and residential development known as Shangri-La at the Fort. The residential component of the development has commenced pre-selling.

Shang Property Developers, Inc. which was incorporated on 17 December 2010 as a realty development company. It is the owner and developer of the Shang Salcedo Place, a residential condominium located in Sen. Gil Puyat Ave. cor. Tordesillas St., H.V. de la Costa St., Salcedo Village, Makati City. It is slated for completion in 2015.

The Rise Development Company, Inc., is in a joint venture with Vivelya Development Company, Inc., for the development of a mixed-use development to be known as The Rise, located in Malugay St., San Antonio Village, Makati.

Shang Wack Wack Properties, Inc., was incorporated on 13 January 2016 as a realty development company.

Classic Elite Holdings, Ltd., a British Virgin Islands Company, and recently incorporated, is a holding company. It is a wholly owned non-resident foreign corporation through which Issuer may explore possible off-shore investment opportunities aligned with Issuer's business objectives/purposes.

Shang Robinsons Properties, Inc. is a joint venture with Robinsons Land Corporation for the development of a condominium projects known as the Aurelia, located in Bonifacio Global City, Taguig City and Haraya at Bridgetowne, Pasig City

SPI Property Holdings, Inc. was incorporated on 09 December 2019 as a holding company and a realty development company. It is currently developing a residential condominium project on its newly acquired property located along Canley Road, Pasig City.

SPI Property Developers, Inc. was incorporated on 09 December 2019 as a realty development company. It is developing a proposed office and service apartment project known as "Shang One Horizon" located at Shaw Boulevard, Mandaluyong City

SPI Land Development Inc. was incorporated on 09 December 2019 as a realty development company. It is currently undertaking the construction of a residential condominium development project located along Sgt. Esguerra Avenue corners Scout Bayoran Street and Scout Borromeo Street, within Barangay South Triangle, Diliman, Quezon City.

SPI Realty Inc., formerly Rapidshare Realty and Development Corporation, intends to develop a residential condominium project located at Barangay Wack Wack, Greenhills, Mandaluyong City.

(ii) Issuer's subsidiary, Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation) and Shang Property Developers, Inc. sold units of the condominium development The St. Francis Shangri-La Place to non-resident Filipinos and foreigners, but not exceeding 40% of the total no. of units. It has been selling units of the One Shangri-La Place, its latest condominium development, but subject to the limitation that not more than 40% of the total number of units shall be sold to foreigners. Issuer's subsidiary Shang Property Developers Inc. has also started selling units to its residential condominium development, Shang Salcedo Place, sales for which are also subject to the 40% alien ownership limitation.

(iii) This is not applicable to the Issuer. It is primarily a holding company and therefore has no direct distribution methods of products and services.

(iv) Neither the Issuer nor its subsidiaries have new products or services which may be described as requested in this particular section.

(v) Insofar as the Issuer's competitors are concerned, the Issuer's competitors are upper middle to high end real estate companies who are involved in property development such as Ayala Land and Megaworld. Issuer can and will be able to compete in the property development industry because of its strong financial position, international expertise and strong brand position. For the Shangri-La Plaza Corporation, its competitors are entities operating similar upscale malls such as Rockwell, Podium, and Greenbelt 3. The Shangri-La Plaza Corporation is not threatened by competition where it is the only truly upscale commercial complex in its geographic location, and where it is continuously upgrading its facilities in order to cater to its upscale market. SPSI's competitors are those entities who are into carpark management and operation. SPSI is in a healthy financial position and has the expertise to efficiently and viably operate its carpark facilities.

(vi) This section on raw materials and suppliers is not applicable to the Issuer nor to its subsidiaries by reason of the nature of their businesses as herein described.

(vii) Neither the Issuer nor its subsidiaries operations and businesses are dependent on a single customer, the loss of which would have a material adverse effect on the Issuer and its subsidiaries taken as a whole, by reason of the nature of their businesses as described herein.

(viii) On transactions with and/or dependence on related parties:

With Issuer's subsidiaries:

a. With Shangri-La Plaza Corporation (SLPC)

i) Portions of the Issuer's land where the Shangri-La Plaza Mall is located and the area known as the Internal Road are being leased to SLPC. The leases were renewed pursuant to agreements signed and executed between the parties dated 19 September 2017, which renewal shall expire on 06 January 2023. Rental income is calculated at 10% of SLPC's gross rental income net of prompt payment discount.

ii) Issuer's subsidiary Shang Properties Realty Corporation and SLPC have in turn entered into an agreement whereby SLPC shall lease said mall facility from Issuer of a period of five (5) years commencing on September 2012, renewable upon mutual agreement of the Parties. Rental income is calculated at 12% of SLPC's annual rental income from mall operations. The lease has been renewed for another period which shall expire on 31 December 2022.

b. With SPI Parking Services, Inc. (SPSI)

On 16 January 2002, the Issuer entered into an agreement with SLPC and SPSI. Under the terms and conditions of the agreement, SPSI will be granted limited usufructuary rights over the Issuer's parking spaces for a consideration equivalent to a certain percentage of SPSI's gross income less direct and indirect expenses. The agreement has been renewed annually and subsists to date.

c. With Shang Properties Realty Corporation (formerly, The Shang Grand Tower Corporation)

On May 8, 2005, the Issuer entered into a Memorandum of Agreement ("MOA") with Shang Properties Realty Corporation ("SPRC") whereby Issuer, as registered owner of a parcel of land located along St. Francis Road cor. Internal Road, Shangri-La Complex, Mandaluyong City ("Property"), agreed with SPRC for the latter to develop the Property into a two-tower high rise residential condominium to be known as The St. Francis Shangri-La Place ("Project"). SPRC shall provide the funding for the Project which was completed in 2009.

The MOA, among others, provides that Issuer, as the owner of the Property, commits to transfer the same, free from all liens and encumbrances, in favor of the Condominium Corporation that will be incorporated upon the completion of the Project. Pending the transfer of the Property to the Condominium Corporation, Issuer shall allow the use of the Property for the construction of the Project, subject to the terms and conditions hereinafter stipulated. SPRC shall provide funding for the construction of the Project. It is the intention of the Parties to allocate the resulting units in the Project between them, with each party taking ownership and possession of its respective allocated units ("Allocated Units"), with full power and discretion on the disposition of the same, subject only the pertinent conditions hereunder contained. The allocation between the Parties of the Net Saleable Area shall be at the ratio of twenty percent (20%) to Issuer and eighty percent (80%) to SPRC subject to adjustment based on mutual agreement of the Parties. The actual designation of the Parties' respective Allocated Units shall be determined upon completion of the final plans and shall be incorporated in a supplemental agreement to be executed by the Parties. The Parties also agreed that Seventy Five (75) contiguous parking slots shall be allocated to the Issuer. The allocation of the remaining parking slots net of the 75 slots allocated to Issuer shall be eighty percent (80%) to SPRC and twenty percent (20%) to Issuer subject to adjustment based on mutual agreement of the Parties. The actual designation of the parking slots shall be determined upon completion of the final plans and shall be incorporated in a supplemental agreement to be executed by the Parties.

On 09 November 2009, the Issuer entered into a Memorandum of Agreement with its subsidiary Shang Properties Realty Corporation ("SPRC") (formerly, The Shang Grand Tower Corporation), wherein Issuer agreed with SPRC to develop a portion of Issuer's Property located at Edsa cor. Shaw Blvd., Mandaluyong City, into another commercial / retail building ("Project") comprised of a shopping mall, parking facilities, and high-rise residential condominium building to be known as "One Shangri-La Place". This MOA was rescinded by the Parties on 20 September 2013, wherein SPRC purchased the land from Issuer to become both the landowner and developer of the Project.

<u>With Issuer's affiliates:</u>

a. Edsa Shangri-La Hotel & Resort, Inc.

The Issuer leased a portion of its land to an affiliate, Edsa Shangri-La Hotel & Resort, Inc., where the latter's Edsa Shangri-La Hotel is located. The lease is for a period of twenty five (25) years commencing on 28 August 1992, renewable for another twenty five years at the option of the lessee. Rental income is computed on a fixed percentage of the Hotel's room, food and beverage, dry goods and other service payments. In an agreement dated 26 August 2007, the lease was renewed for another 25 years commencing on 28 August 2017 until 27 August 2042.

b. With other affiliates:

On 1 January 2001, the Issuer entered into a cost sharing agreement with SLPC and other related companies for the services rendered by the officers of the Company to its related companies. Other transactions with related companies substantially consist of reimbursement of expenses paid for by the Issuer in behalf of its affiliates and vice-versa.

<u>Between Issuer's Affiliates:</u>

a. Shang Property Management Services Corporation entered into a Memorandum of Agreement with KSA Realty Corporation, pursuant to which the former shall assist the latter in managing and administering the leasing operations of The Enterprise Center.

b. Shang Property Management Services Corporation entered into a Memorandum of Agreement with The Enterprise Center Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The Enterprise Center, specifically with respect to the common areas thereof.

c. Shang Property Management Services Corporation entered into a Memorandum of Agreement with The St. Francis Shangri-La Place Condominium Corporation pursuant to which the former shall assist the latter in managing and administering the condominium development known as The Enterprise Center, specifically with respect to the common areas thereof.

d. SPI Parking Services, Inc. entered into a Memorandum of Agreement with KSA Realty Corporation, with conformity of The Enterprise Center Condominium Corporation, to administer, manage and operate the TEC Parking Slots as a pay parking facility under a mutually agreeable remuneration scheme.

As noted above, on 02 September 2014, the SEC approved the merger between Shang Global City Properties, Inc., and Fort Bonifacio Shangri-La Hotel, Inc., with Shang Global City Properties, Inc., as the surviving entity. Other than this merger, Issuer's other subsidiaries have not undergone any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not classified as ordinary.

FOREIGN OWNERSHIP LEVEL AS OF 30 APRIL 2025[11]:

Security	Total Outstanding Shares	Shares Owned By Foreigners	Percent of Ownership
Common Shares	4,764,056,287	1,881,704,159	39.50%

Item 5. Directors and Executive Officers

CHANGES IN CONTROL

As regards changes in control, there are no pending or proposed changes which will affect the Registrant.

The Directors, Independent Directors and Executive Officers of the Registrant *with their business experience for the last five years* from this disclosure are as follows:

Name	Citizenship	Director/ No. of Years	Age	Office Held	Directorship in other reporting (Listed) Companies
Edward Kuok Khoon Loong[12]	Malaysian	Yes /33 yrs.	72	Chairman	None
Maximo G. Licauco III[13]	Filipino	Yes/11 yrs. & 5 mos.	74	Vice Chairman	None
Maureen Alexandra Ramos-Padilla[14]	Filipino	Yes/2 yrs. & 5 mos.	52		None
Cynthia R. Del Castillo[15]	Filipino	Yes /23 yrs. & 10 mos.	72		Sanitary Wares & Mfg. Corp.
Benjamin Ivan S. Ramos[16]	Filipino	Yes /14 yrs. & 8 mos.	56		None
Cheng Wai Sun[17]	Hong Kong Resident	Yes/ 7 mos. & 3 days	50		None
Antonio O. Cojuangco[18]	Filipino	Yes /14 yrs. & 8 mos.	73		None
Karlo Marco P. Estavillo[19]	Filipino	Yes/8 yrs. & 7 mos.	53	Chief Operating Officer	None
Wolfgang Krueger[20]	Deutsch	Yes/4 yrs. & 4 mos.	60	Executive Vice President	None
Rajeev Garg	Indian	(No)	50	VP Finance	None
Federico G. Noel, Jr.	Filipino	(No)	63	Corporate Secretary	None
Mabel P. Tacorda	Filipino	(No)	52	Chief Financial Officer	None

[11] SPI's Report on Foreign Ownership as of 30 April 2025
[12] Regular Director
[13] Independent Director
[14] Regular Director
[15] Regular Director
[16] Independent Director
[17] She was elected as member of the Board as of 28 August 2024, to replace Mr. Dennis Au Hing Lun and serve as such for the remainder of Mr. Lun's term and until his successor is duly elected and qualified.
[18] Independent Director
[19] Regular Director
[20] Regular Director

Edward Kuok Khoon Loong is the Chairman of the Company and also Vice Chairman of Kerry Holdings Limited. He has been with the Kuok Group since 1978. He has a Master's degree in Economics from the University of Wales in the United Kingdom.

Maureen Alexandra Ramos-Padilla was a former member of the Board of the Issuer from 2006 to 2013. She also sits in the Board of Directors of Philodrill Corporation, Anglo Philippines Holdings Corporation and United Paragon Corporation. She is currently Managing Director of National Bookstore, Inc. and President of Anvil Publishing. She graduated from Ateneo de Manila University major in Management Engineering and obtained her Master's in Business Administration from Northwestern University, Illinois, USA. (She was elected as member of the Board to replace Mr. Alfredo Ramos who ceased to hold his office/ position by reason of his passing last 26 November 2022.)

Au Hing Lun, Dennis[21] has been the Deputy Chief Executive Officer and an Executive Director of Kerry Properties Limited ("KPL") since May 2022. He is also a member of the KPL's Executive Committee and Finance Committee. He has over 35 years of experience in accounting, finance, consultancy, business development and general management spanning across manufacturing, technology and real estate industries. Mr Au worked for the tax division of Arthur Andersen & Co. and later on Andersen Consulting (now known as Accenture plc), providing advisory on tax, IT system design and integration projects for governments and multinational companies. Mr. Au is a fellow member of the Association of Chartered Certified Accountants. He holds a Master of Business Administration degree from the University of Hong Kong and a Bachelor of Science degree from Dalhousie University in Canada. (He replaced Wilfred Shan Chen Woo who resigned as a member of the Board as of 22 March 2023 and serve as such for the remainder of Mr. Woo's term until his successor is duly elected and qualified)

Cheng Wai Sun [22]is the Chief Financial Officer and the Company Secretary of Kerry Properties Limited ("KPL"). She is also a member of the KPL's Finance Committee. Prior to joining KPL, Ms. Cheng was the Chief Financial Officer of Hutchison Telecommunications Hong Kong Holdings Limited (a listed company in Hong Kong) since 2012. As a qualified accountant, Ms. Cheng holds fellow membership with the Association of Chartered Certified Accountants and membership with the Hong Kong Institute of Certified Public Accountants. She is also a Fellow Member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute and awarded with the dual designations of Chartered Secretary and Chartered Governance Professional. In addition to her professional qualification, Ms. Cheng holds a Master of Science degree in Finance. (She replaced Au Hing Lun, Dennis who resigned as member of the Board as of 28 August 2024 and serve as such for the remainder of Mr. Woo's term until his successor is duly elected and qualified)

Cynthia Roxas Del Castillo is a Senior Partner and a member of the Executive Board at Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles and has been with the firm for over 30 years. She holds an Ll.B from Ateneo, graduated Valedictorian in 1976 and placed 11th in the 1976 Bar Examinations. She was a former Dean of the Ateneo de Manila University's Law School and the first woman to hold the said position. She currently serves as Corporate Secretary and Director of other various Philippine corporations.

Benjamin Ivan S. Ramos is the President of Powerbooks since 2009 and is the Special Assistant to the Vice President at National Book Store. He was previously the President of Tokyo, Tokyo, Inc., the largest Japanese fast food chain in the Philippines from 1990 to 2008 and has an MBA from the Stanford Graduate School of Business.

Maximo G. Licauco III is the President of Filstar Distributors Corporation (Licensee of Hallmark Cards and exclusive distributor of BIC Products). He was previously an Area Vice President of National Book Store, Inc. where he spent 34 years in the retail business. He graduated at the Ateneo De Manila University with Bachelor of Arts Degree major in Economics.

[21] He resigned as member of the Board of Directors effective 28 August 2024.
[22] She was elected as member of the Board as of 28 August 2024, to replace Mr. Dennis Au Hing Lun and serve as such for the remainder of Mr. Lun's term and until his successor is duly elected and qualified.

Antonio O. Cojuangco is the Chairman of Ballet Philippines, CAP Life Insurance Corporation, Cinemalaya Foundation, Mantrade Development Corporation, Nabasan Subic Development Corporation, Radio Veritas, Tanghalang Pilipino and Directories Philippines Corporation. He is the President of Calatagan Bay Realty, Chairman and President of Calatagan Golf Club, Inc. and Canlubang Golf and Country Club.

Karlo Marco P. Estavillo served as General Manager of San Miguel Properties, Inc., and a member of the Board of Directors of United Coconut Planters Bank, Cocolife, and UCPB General Insurance, Inc. He received a Bachelor of Laws Degree from the University of the Philippines College of Law and Bachelor of Science in Business Management from the Ateneo de Manila University.

Wolfgang Krueger was the Regional Executive Vice President for Shangri-La International Hotels Limited and looked after all the Shangri-La Hotels in the Philippines. He joined Shangri-La Group in 2003 and has been with the group for over 18 years.

Rajeev Garg is the Vice President Finance of the Issuer. He has been with the Kuok Group for a total of 14 years covering various functions including Finance in Shangri-La Dubai, Aberdeen Marina Club, Hong Kong, two (2) Shangri-La Development Projects in Sri Lanka and another development project in Colombo before moving to Issuer.

He holds a Bachelor's Degree in Accounting and Accounting Certificate from the Institute of Chartered Accountants of India and PG Diploma in Management.

Mabel P. Tacorda is the Chief Financial Officer of the Issuer effective 01 January 2023. Ms. Tacorda has been with the Issuer for almost 14 years prior to being promoted as CFO. She started with the Issuer as an Accounting Manager, then became Senior Accounting Manager, Group Accounting Manager, Assistant Financial Controller, Group Financial Controller and recently appointed as the Chief Financial Officer. Her career started in Audit with SGV & CO. in 1994 and left the firm as an Associate Director in 2004. She also worked as an Audit Analyst – Business Risk from 2006 to 2009. She graduated Bachelor of Science in Accountancy from the University of St. La Salle, *cum laude*, accredited Financial Analyst by the American Academy of Financial Management, passed the Certifying Examination of the Institute of Internal Auditors as a Certified Internal Auditor and a Certified Public Accountant.

Federico G. Noel, Jr. is the General Counsel and the Corporate Secretary of the Company. He is also the Corporate Secretary, General Counsel and a member of the Board of Directors of the other Kuok Group companies in the Philippines including the Shangri-La Plaza Corporation and the Shangri-La Hotels. He graduated from the Ateneo Law School in 1991 with a Juris Doctor degree.

Messrs. Maximo G. Licauco III, Antonio O. Cojuangco, and Benjamin S. Ramos were elected independent directors. All of the foregoing independent directors have no relationship with Ideal Sites and Properties, Inc., either as directors or officers.

The Directors of the Company are elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

(2) Significant Employees

Issuer does not have an employee who is not an executive officer who is expected to make a significant contribution to the business of Issuer. There are also no key personnel on whom the business of the Issuer is highly dependent such as to merit any special arrangement.

(3) Family Relationships

Mr. Benjamin Ramos is the nephew of Mr. Alfredo Ramos. Mr. Maximo G. Licauco III is the brother-in-law of Mr. Alfredo Ramos. Ms. Maureen Alexandra R. Padilla is the daughter of Mr. Alfredo Ramos who is the former Chairman of the issuer and first cousin of Mr. Benjamin Ramos.

Other than those mentioned, there are no other family relationships up to the fourth civil degrees either by consanguinity or affinity among the Directors, Executive Officers or persons nominated.

(4) Involvement in Certain Legal Proceedings

(A) None of the directors or executive officers of the Issuer has had any bankruptcy petition filed by or against any business of which such director or executive officer was a general partner or executive officer either at the time of bankruptcy or within two years to that time;

(B) None of the directors or executive officers of the Issuer has had any conviction by final judgment in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(C) None of the directors or executive officers of the Issuer has been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;

(D) None of the directors or executive officers of the Issuer has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

(E) None of the directors has resigned or declined to stand for re-election since the date of the last annual meeting of security holders because of disagreement with the registrant on any matter relating to the Registrant's operations, policies, or practices.

Nomination of Regular (Non-independent) and Independent Directors

Pursuant to the SEC approved Amended by-Laws of the Registrant wherein new provisions on the nomination and election of the regular and independent members of the Board of Directors were added in compliance with the SRC and SEC Rules and Regulations, the Registrant duly published in a newspaper of general circulation the Notice to Stockholders calling for nominations for regular and independent members of the Registrant's Board of Directors who shall be elected during the Annual Stockholders Meeting on *17 June 2025 (published on 16 April 2025 in The Manila Times). Pursuant to the nominations received by the Corporate Secretary of the Issuer, the following names have been forwarded to the Corporate Governance Committee / Nomination Committee for nomination to the Board of Directors during the Annual Stockholders Meeting:*

Edward Kuok Khoon Loong
Maureen Alexandra Ramos-Padilla
Cynthia R. Del Castillo
Karlo Marco P. Estavillo
Antonio O. Cojuangco
Maximo G. Licauco III
Cheng Wai Sun
Wolfgang Krueger
Benjamin Ivan S. Ramos
Maria Rochelle S. Diaz

Messrs. Maximo G. Licauco III, Benjamin C. Ramos, and Antonio O. Cojuangco nominated themselves to be voted upon as independent members of the Board during the Annual Stockholders' Meeting on **17 June 2025.**

The specific wordings of Article III, Section 2 of the Issuer's Amended By-Laws setting out the following guidelines and procedures for the nomination and election of the Issuer's regular and independent directors are as follows:

Section 2(a). Election of Independent Directors and their qualification. - Pursuant to the provisions of the Securities Regulation Code and the pertinent regulations of the Securities and Exchange Commission, the Corporation's Board of Directors shall have at least two (2) independent directors or such number of independent directors as corresponds to at least twenty (20%) of the Corporation's board size, whichever is lesser. The independent directors shall be elected in the same manner as the other members of the Board of Directors as provided in these By-Laws.

Section 2(b). Qualification and Disqualification of Independent Director – Any stockholder having at least one (1) share registered in his name may be elected Independent Director, provided, however, that no person shall qualify or be eligible for nomination or election as Independent Director if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

(i) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of any corporation (other than one in which the corporation owns at least 40% of the capital stock) engaged in the business which the Board of Directors, by at least three-fourths vote, determines to be competitive or antagonistic to that of the Corporation; or

(ii) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board of Directors, by at least two-thirds (2/3) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or

(iii) If the Board of Directors, in the exercise of its judgment in good faith, determine by at least two-thirds (2/3) vote that he is the nominee of any person set forth in (i) or (ii) above.

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board of Directors may take into account such factors as business and family relationship.

For the proper implementation of this provision, all nominations for the election of Independent Directors shall follow the procedure described below."

Section 2 (c). The Board of Directors shall constitute, from among themselves, a Nomination Committee. The Nomination Committee shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nominations for both regular and independent directors, which shall include the following:

(i) The nomination of regular and independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominee.

(ii) The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for regular and independent director/s.

(iii) After the nomination, the Nomination Committee shall prepare a Final List of Candidates for regular and independent directors which shall contain all the following information about all the nominees:

- Names, ages, and citizenship of all nominees;
- Positions and offices that each nominee has held, or will hold if known;
- Term of office and the period during which the nominee has served as director;
- Business experience during the past five (5) years;
- Other directorships held in SEC reporting companies, naming each company;

- Family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons chosen by the company to become directors or executive officers;
- Involvement in legal proceedings, i.e., a description of any of the following events that occurred during the past five (5) years up to the latest date that are material to an evaluation of the ability of integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the company:
- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- Being found by a domestic or foreign of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.
- Disclosure if owning directly or indirectly as record and/or beneficial owner of any class of the company's voting securities;
- Disclosure of owning voting trust of more than 5% of the company's securities; and
- Any such other information as may be required to be disclosed by the Securities and Exchange Commission although not expressly provided for above.

The Corporate Governance Committee / Nomination Committee is chaired by Mr. Edward Kuok Khoon Loong, while the Committee Members are Ms. Cynthia N. Del Castillo and Antonio O. Cojuangco.

Involvement in Certain Legal Proceedings

There are no material pending legal proceedings of the Issuer or any of its subsidiaries or affiliates is a party as of date. The cases it has been reporting in the past years have been resolved by the Supreme Court with finality in Issuer's favor.

Information on Cases, Judgments, Decrees, etc., Against Registrant's Directors and Executive Officers or any of its Subsidiaries

None of the directors, executive officers of the Registrant or any of its subsidiaries have had any bankruptcy petition filed by or against any business of which such director or executive officer was a general partner or executive officer either at the time of bankruptcy or within five (5) years up to the latest date; None of the directors or executive officers of the Registrant has had any conviction by final judgment in a criminal proceedings, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; None of the directors or executive officers of the Registrant has been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and None of the directors or executive officers of the Registrant has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

As to the disclosures required in Item 1 of Part IV, Paragraph (D), there are no disclosable transactions as regards the requested disclosures in this item given that Registrant has no transaction or proposed transactions to which Registrant was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest: (i) any director or executive officer of the Registrant; (ii) any nominee for election as a director;

(iii) any security holder named in response to Part IV, paragraph I, or (IV) any member of the immediate family of the persons aforenamed.

The information above is true during the past five (5) years up to the latest date.

Parents of Registrant

Travel Aim Investments B.V. is a wholly-owned subsidiary of Kerry Properties Limited (KPL). KPL is a Bermuda Company incorporated in 1996 and listed on the Hong Kong Stock Exchange. The Company was formed to hold the Hong Kong and Mainland China property investments and developments and infrastructure interests of the Kuok Group. KPL has the power to vote the shares of Travel Aim.

Ideal Sites and Properties Inc. is a Philippine company incorporated in 1989. It is affiliated with the Kuok Group and was formed to primarily engage in property development and investments. Shang Properties, Inc., and Oro Group Ventures, Inc. are the major shareholders of Ideal.

National Bookstore, Inc., is a closed Philippine company which owns the Philippines' biggest chain of bookstores. The Ramos family controls National Bookstore and has the power to vote its shares.

Resignation of Director Since the Last Annual Shareholders' Meeting

Mr. Dennis Au Hing Lun formally resigned as Director of the Issuer effective 28 August 2024.

Proxy Solicitations

No proxy solicitations will be made by the Registrant.

Item 6. Compensation of Directors and Executive Officers

The following is a summary of the aggregate compensation paid or accrued during the last two (2) fiscal years, i.e. **2023 and 2024 and to be paid in the ensuing fiscal year 2025** to the Company's Chief Executive Officer and four (4) other most highly compensated executive officers who are individually named, and to all other officers and directors of the Company as a group. Figures for Fiscal Year 2025 are only estimated:

OFFICERS/DIRECTOR	**FISCAL YEAR**	**AGGREGATE COMPENSATION (in ₱)**		
		Basic	**Bonus**	**Total**
	2025	**99,638,006.00**	**17,543,594.68**	**117,181,600.68**
Wolfgang Krueger				
Andrew de Audsten				
Maria Rochelle S. Diaz				
Rajeev Garg				
Federico G. Noel, Jr.				
Karlo Marco P. Estavillo				
Mabel P. Tacorda				
	2024	**94,682,198.00**	**13,424,236.92**	**108,106,434.92**
Wolfgang Krueger				
Maria Rochelle S. Diaz				
Rajeev Garg				
Federico G. Noel Jr.				
Karlo Marco P. Estavillo				
Mabel P. Tacorda				
Andrew den Oudsten				

	2023	89,164,054.20	14,647,893.79	103,811,947.99
Wolfgang Krueger				
Jose Juan Z. Jugo				
Rajeev Garg				
Federico G. Noel, Jr.				
Karlo Marco P. Estavillo				
Mabel P. Tacorda				

The figures reported in Item 6 (Compensation of Directors and Executive Officers) comprise the aggregate compensation of all the officers of SPI. SPI has a lean organization and has no other officers except as indicated in the table in Item 6. With respect to SPI's Directors, as SPI has consistently disclosed these part years, the members of the Board of the Issuer do not receive any form of other annual compensation, whether in the form of per diem, options, or other similar forms of compensation.

(2) Description of Any Standard Arrangement

Section 13 of the Issuer's By-Laws provides that the By-Laws officers shall receive such remuneration as the Board of Directors may determine. All other officers shall receive such remuneration as the Board of Directors may determine upon recommendation of the President. A director shall not be precluded from serving the Corporation in any other capacity as an officer, agent, or otherwise and receiving compensation therefor.

(3) Description of Material Terms of Any Other Arrangement

There has been no other arrangement regarding the remuneration of the Issuer's officers and directors.

(4) Description of the Terms and Conditions of each of the following:

a) Employment Contract between the Registrant and Named Executive Officers
Letters of appointment were issued to the officers of the Issuer stating their respective job description.

b) Compensatory Plan or Arrangement
The Issuer has no other existing compensatory plan other than the one mentioned in the By-Laws.

c) Information on all outstanding Warrants or Options held by Directors, Officers (in tabular form)
None of the Directors/ Officers held an outstanding warrants or options.

(5) If Price or Stock Warrants or Options are Adjusted or Amended

There has been no Stock Warrants or Options available for the Issuer's Officers.

Item 7. Independent Public Accountants

The Registrant has had no disagreements with its Accountants Isla Lipana & Co. (Price WaterHouse Coopers Philippines). The representatives of said Accountants will be present during the annual stockholders' meeting, and shall have the opportunity to make a statement if they desire to do so. They shall also be available to respond to appropriate questions.

The Registrant is compliant with the SRC rule 68, as amended, par 3(b)(iv), and has observed the rotation of signing partners for its Independent Public Accountants, Isla Lipana & Co. (Price WaterHouse Coopers Philippines). With respect to Isla Lipana & Co., the signing partner starting FY 2021 is Zaldy D. Aguirre. Isla Lipana & Co. is a SEC-accredited external auditing firm, is valid to audit 2020 to 2024 financial statements and will be recommended for re-appointment as External Auditor for the year 2025-2026 during the Annual Stockholders' Meeting on 17 June 2025.

AUDIT COMMITTEE

Pursuant to the provisions of Registrant's Manual of Corporate Governance, the Registrant has an Audit Committee which is chaired by Benjamin I. Ramos who is an independent director. The members of the Committee are Maximo Licauco III and Cynthia del Castillo.

(B) Information of Independent Accountant and other related matters

a. External Audit Fees and Services

The table below sets forth the aggregate fees billed to the Company for each of the last two (2) years for professional services rendered by Isla Lipana & Co.:

	2024	**2023**
Audit Fees	4,360,000	4,039,000
Tax Consultancy Fees	1,300,000	-
	5,660,000	**4,039,000**

No other service was provided by external auditors to the Company for the fiscal years 2024 and 2023.

b. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Furnish the information required by Part III, Paragraph (B) of "Annex C, as amended"

(1) If during the two most recent fiscal years or any subsequent interim period, the independent accountant has resigned, was dismissed or otherwise ceased performing services, state the name of the previous accountant and the date of resignation, dismissal or cessation of performing services.

Not Applicable.

(2) Describe if there were any disagreements with the former accountant on any matter of accounting and financial disclosure.

The Group's external auditor for the last 2 years is Isla Lipana & Co. There were no disagreements with Isla Lipana & Co. on any accounting and financial disclosure matters.

(3) File as an exhibit to the report the letter from the former accountant addressed to the Commission stating whether it agrees with the statements made by the company and, if not, stating the respects in which it does not agree.

Not Applicable

Item 8. Compensation Plans

No actions will be taken by Registrant during the Annual Stockholders Meeting as regards any bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the registrant will participate, any pension or retirement plan in which any such person will participate, or the granting or extension to any such person of any option/s, warrant/s or right/s to purchase any securities. The members of the board are not paid per diem for their attendance to board meetings.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

The merger of Registrant and Kuok Philippine Properties, Inc. ("KPPI"), with the Registrant as the surviving entity, and KPPI as the absorbed entity, was duly approved by the SEC on 25 July 2007. Pursuant to the Plan of

Merger of Registrant and KPPI, as approved by the Board of Directors of Registrant, all KPPI shareholders as of the date of approval by the Securities and Exchange Commission of the Merger ("Record Date"), were entitled to exchange every seven (7) of their KPPI shares with one (1) share of the Registrant. Fractional shares (shares less than 7) held by the qualified KPPI shareholders were paid by the Registrant in cash. The shares of the Registrant which was issued to the KPPI shareholders was taken from out of an increase in the Authorized Capital Stock of the Registrant from ₱6,000,000,000 (representing 6,000,000,000 common shares at ₱1.00 par value per share) to ₱8,000,000,000 (representing 8,000,000,000 common shares at ₱1.00 par value per share), which increase in the Authorized Capital Stock has been duly approved by the SEC. All shares issued to KPPI shareholders have been duly listed with the Philippine Stock Exchange.

Only common shares were issued which shall enjoy the same rights (dividend, voting, and other rights) as those common shares of the Registrant already issued and outstanding. No preferred shares will be issued on account of the increase in the Authorized Capital Stock.

As regards dividends, the dividend policy of the Registrant is as set forth in Article VIII of its By-Laws which states that dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all shareholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with existing laws.

The pre-emptive rights of all common shareholders of the Registrant (old and new) are denied in Article Seventh of the Articles of Incorporation of Registrant, which states that "No holder of shares of the Corporation shall have, as such holder, any pre-emptive right to acquire, purchase, or subscribe to any share of the capital stock of the Corporation which it may issue or sell, whether out of the number of shares authorized by these Articles of Incorporation as originally filed, or by any amendment thereof, or out of the shares of the capital stock of the Corporation acquired by it after the issuance thereof."

There are no provisions in the By-Laws of Registrant that would delay, defer, or prevent a change in control of the Registrant.

No dividends in arrears or defaults in principal interest

The Registrant has no dividends in arrears or defaults in principal or interest in respect of any of their respective securities.

Cash Dividends Declared By The Issuer During The Two Most Recent Years

Cash Dividends

2025

- During the regular meeting of the Issuer's Board held on 12 March 2025, the Board approved the declaration of P0.18260 per share cash dividend to all shareholders of record as of 28 March 2025, to be taken from the unrestricted retained earnings as reflected in the financial statements of the Issuer as of 31 December 2024, to be paid on or before 11 April 2025.

2024

- During the regular meeting of the Issuer's Board held on 28 August 2024, the Board approved the declaration of P0.13440 per share cash dividend to all shareholders of record as of 16 September 2024, to be taken from the unrestricted retained earnings as reflected in the financial statements of the Issuer as of 30 June 2024, to be paid on or before 26 September 2024.

- During the regular meeting of the Issuer's Board held on 19 March 2024, the Board approved the declaration of P0.15527 per share cash dividend to all shareholders of record as of 04 April 2024, to be taken from the unrestricted retained earnings as reflected in the financial statements of the Issuer as of 31 December 2023, to be paid on or before 15 April 2024.

2023

- During the regular meeting of the Issuer's Board held on 17 August 2023, the Board approved the declaration of P0.1344 per share cash dividend to all shareholders of record as of 08 September 2023, to be taken from the unrestricted retained earnings as reflected in the financial statements of the Issuer as of 30 June 2023, to be paid on or before 22 September 2023.

- During the regular meeting of the Issuer's Board held on 22 March 2023, the Board approved the declaration of P0.15500 per share cash dividend to all shareholders of record as of 11 April 2023 to be taken from the unrestricted retained earnings as reflected in the audited financial statements of the Issuer as of 31 December 2022 to be paid on or before 21 April 2023.

Item 10. Modifcation/ Exchange of Securities

There has no outstanding securities to be modified and no securities to be issued in exchange for outstanding securities.

The Issuer has no plans of applying for registration of new or reclassified securities in the Philippine Stock Exchange and/ or in any other exchange.

Item 11. Financial and Other Information

The Management's Discussion, Analysis, Market Price of Shares and Dividends, and the Audited Financial Statements as of 31 December 2023 are all attached herein for reference.

Item 12. Merger, Consolidation, Acquisition & Similar Matters

A. There is no proposed merger, consolidation, acquisition, sale or transfer of all or any substantial part of the Issuer's assets and/ or liquidation or dissolution of the Registrant and similar matters that are included in the agenda of the meeting.

B. Not applicable as there is no proposed sale/ merger and/ or transaction entered into by the Registrant.

C. Not applicable.

Item 13. Acquisition or Disposition of Property

There is no act of acquisition or disposition of property by the Issuer.

Item 14. Restatement of Accounts

None

Item 15. Action with respect to Reports

The agenda during the annual stockholders' meeting, the shareholders shall be requested to:

(i) approve the minutes of the Annual Stockholders' Meeting held on **18 JUNE 2024** which minutes reflect the following: call to order, proof of notice of meeting, certification of quorum, approval of minutes of the previous annual stockholders' meeting, approval of the Management's report of operations for **2024**, ratification of the acts of the Board of Directors, election of directors, appointment of the firm of Isla Lipana & Co. (Price WaterHouse Coopers Philippines) as the Registrant's External Auditors, and adjournment.

(ii) ratify the acts of Management and the Board of Directors since the Annual Stockholders' Meeting held **18 JUNE 2024** up to the date of this year's Annual Stockholders' Meeting. The items covered with respect to this general ratification are the acts of Board of Directors in the ordinary course of business, with those acts of significance having been subject of prior disclosures to the SEC.

(iii) approve and ratify the Registrant's Audited Financial Statements as of **31 December 2024,** elect the Board of Directors for the year **2025-2026**, elect the Registrant's external auditors.

(iv) approve the appointment of the Issuer's External Auditors Isla Lipana & Co. (Price WaterHouse Coopers Philippines) for the fiscal year **2025-2026**.

The Minutes of the **2024 Stockholders' Meeting** is uploaded on the Registrant's website five (5) days from the date of the Meeting and may be viewed at www.shangproperties.com.

The Minutes contain the following information:

(1) A description of the voting and vote tabulation procedures used in the previous meeting
(2) A description of the opportunity given to the stockholders to ask questions and a record of the questions asked and answers given;
(3) The matters discussed and resolutions reached;
(4) A record of the voting results for each agenda item; and
(5) A list of the directors, officers and stockholders who attended the meeting.

The dividend policy of the Registrant is as set forth in Article VIII of its By-Laws which states that dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all shareholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with existing laws.

The pre-emptive rights of all common shareholders of the Registrant (old and new) are denied in Article Seventh of the Articles of Incorporation of Registrant, which states that "No holder of shares of the Corporation shall have, as such holder, any pre-emptive right to acquire, purchase, or subscribe to any share of the capital stock of the Corporation which it may issue or sell, whether out of the number of shares authorized by these Articles of Incorporation as originally filed, or by any amendment thereof, or out of the shares of the capital stock of the Corporation acquired by it after the issuance thereof."

There are no provisions in the By-Laws of Registrant that would delay, defer, or prevent a change in control of the Registrant.

Other than the above, no other action shall be taken during the annual stockholders' meeting.

Item 16. Matters Not Required to be Submitted

All matters or actions to be taken up in the meeting will require the vote of the stockholders as of the record date.

Item 17. Amendment of Charter, By-Laws or Other Documents

No recent amendment of Charter, By-Laws, or other documents.

Item 18. Other Proposed Action

None

Item 19. Voting Procedures

The vote of at least a majority of the stockholders who participates through remote communication or by proxy and entitled to vote, a quorum being present, shall be required for approval or election. The votes shall be taken and counted viva voce, by the secretary of the Meeting through video conference.

Item 20. Participation of Shareholders by Remote Communication

The stockholders may participate in stockholders' meetings either (a) in person, (b) by proxy, or (c) by remote communication (e.g., by teleconference, by videoconference, by computer conferencing, by audio conferencing) or by other alternative modes of communication.

At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact or, by remote communication or in absentia provided that in the election of directors, stockholders may vote through remote communication or in absentia notwithstanding the absence of an authorization from the Board of Directors. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary.

All proxies must be in the hands of the Secretary not later than ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least three (3) days prior to a scheduled meeting or by their personal presence at the meeting. The decision of the Secretary on the validity of proxies shall be final and binding until set aside by a court of competent jurisdiction.

Stockholders may email questions or comments prior to or during the meeting at spi.asm@shangproperties.com.

Item 21. Acceptance of Stockholder Proposals on Agenda Item

Stockholders of record as of **19 May 2025** owning at least 5% of the total outstanding capital stock of the Corporation may submit proposals on items for inclusion in the Agenda on or before **19 May 2025**.

CORPORATE GOVERNANCE MANUAL

In August 2002, the Board of Directors of the Issuer adopted its Corporate Governance Manual which it submitted to the Securities and Exchange Commission. The Manual includes provisions on:

- Compliance System
- Duties and responsibilities of Compliance Officer
- Plan for Compliance including the general responsibilities and qualifications of:
    - Board of Directors
    - Board Committees
    - Corporate Secretary
    - External Auditor
    - Internal Auditor
- Communication Process
- Training Process
- Reportorial/Disclosure System
- Monitoring Assessment

On 03 August 2005, the Board of Directors of Issuer approved the amendment of Issuer's Manual of Corporate Governance such as to add thereto provisions for the creation of a nomination committee for both regular and independent directors of Issuer, in compliance with the relevant provision of the Securities and Regulation Code.

On 17 August 2009, the Issuer's Board of Directors approved further revisions to the Issuer's Manual on Corporate Governance such as to render the same compliant with SEC Memorandum Circular No. 6, Series of 2009.

On 24 June 2014, this Issuer's Board of Directors approved the latest revisions to the Corporation's Manual on Corporate Governance in compliance with the SEC Memorandum Circular No. 9, Series of 2014.

During its meeting held on 15 March 2017, the Board approved the Issuer's 2017 Manual of Corporate Governance pursuant to Sec Memo Circular No. 19, Series of 2016.

Internal Control

In performing their duties, the Registrant's Board of Directors also acknowledge their responsibility for the Registrant's system of internal financial control. The system is designed with a view to provide reasonable assurance against any material misstatement or loss. This aims to ensure that assets of the Registrant are safeguarded, proper accounting records are maintained and that the financial information used within the business and for publication is reliable. The control system also includes clearly drawn lines of accountability and delegation of authority and comprehensive reporting and analysis against approved annual budgets.

Regular reports are also be prepared for the Board to ensure that Directors are supplied with all the information they require in timely and appropriate manner.

Audit Committee

Pursuant to its Corporate Governance Manual, the Board created an Audit Committee in August 2002. The membership in said committee is compliant with the composition set forth in the Issuer's Manual of Corporate Governance. The Committee acts in an advisory capacity and makes recommendation to the Board. It also review the findings and plans of the internal and external auditors of the Registrant and liaises, on behalf of the Board, with the auditors. The Committee meets regularly to review audit reports, status of the Registrant's audits, internal controls, interim and final financial statements prior to recommending them to the Board for approval.

The Audit Committee is scheduled to meet at least three times a year. The Committee is chaired by Benjamin S. Ramos. Its members are Maximo G. Licauco III, and Cynthia R. Del Castillo.

Corporate Governance Committee (Subsumed the functions of the Nomination Committee)

Pursuant to its Corporate Governance Manual, the Board created a Corporate Governance Committee which absorbed all the functions of the Nomination Committee. The Corporate Governance Committee / Nomination Committee is chaired by Mr. Edward Kuok Khoon Loong, while the Committee Members are Ms. Cynthia R. Del Castillo and Antonio O. Cojuangco. The procedure for the nomination of regular and independent directors is detailed in the Issuer's amended Manual on Corporate Governance as well as in Issuer's amended By-Laws.

Nomination of Independent Director/s

The screening of nominations for independent directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominee.

The Corporate Governance Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

DISCLOSURE OF THE LEVEL OF PUBLIC OWNERSHIP OF THE ISSUER (PER PSE MEMO NO. 2010-0505, DATED 28 OCTOBER 2010)

In compliance with PSE Memorandum No. 2010-0505 which requires the disclosure of the level of public ownership of the Issuer, as of 30 MARCH 2025, is 34.52%[23] of the Issuer's total issued and outstanding shares is publicly owned in accordance with the PSE's guidelines for the computation of public ownership.

MARKET INFORMATION AND DIVIDENDS

(a) The shares of the Issuer are listed and traded on the Philippine Stock Exchange. The high and low sales prices for each quarter within the last two (2) fiscal years of the Issuer's shares are as follows:

[23] SPI Public Ownership Report as of 31 March 2025 Source: https://www.shangproperties.com/

Year	High	Low
2024		
First Quarter	**₱4.00**	**₱3.62**
Second Quarter	**₱4.20**	**₱3.42**
Third Quarter	**₱3.94**	**₱3.70**
Fourth Quarter	**₱4.00**	**₱3.65**
2023		
First Quarter	**₱2.75**	**₱2.50**
Second Quarter	**₱3.00**	**₱2.55**
Third Quarter	**₱3.65**	**₱3.00**
Fourth Quarter	**₱3.79**	**₱3.47**

The high and low of Issuer's shares for the period **01 January 2025 to 31 March 2025** are as follows:

High: **₱4.29**
Low: **₱3.88**

The closing price for the Issuer's shares on **30 April 2025** is **₱3.93**[24]

The high and low of Issuer's shares for **30 April 2025** are as follows:

High: **₱3.96**
Low: **₱3.88**

(b) Describe any restriction that limits the ability to pay dividends on common equity or that are likely to do so in the future.

Apart from the restrictions imposed by statutes and regulations, there are none internal to the Issuer which hamper or may hamper any declaration of dividends by the Issuer, and for as long as said declarations can be supported by the Issuer's financial position.

STOCK DIVIDENDS

No stock dividends were declared by the Issuer during the last 2 fiscal years.

RECENT SALE OF SECURITIES

No recent sale from the time of the last annual stockholders meeting of any unregistered or exempt securities of the Registrants as well as no recent issuance of securities constituting an exempt transaction.

CORPORATE GOVERNANCE

(a) The Board establishes an effective performance management framework through annual performance evaluation of the Registrant using set standards for evaluation.

The Company's President, senior officers, and employees are subjected to a yearly performance evaluation through the Company's Performance Evaluation Development System (PEDS). With the PEDS, specific objective are set (i.e., output/deliverables to be accomplished are determined; the standards to measure the attainment of end results is established; specific actions to accomplish the end results are identified. He is rated by the Board of Directors on the basis of each of the specific functions and responsibilities of his office as indicated in

[24] https://www.pse.com.ph/company-information-SHNG/

(d) The Issuer's internal control system is reviewed on an annual basis based on the Company's annual audit plan to enhance and ensure that principles and practices are in accordance with the Manual on Corporate Governance.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

Part II and its required disclosures are not relevant to the Issuer since Issuer will not be requesting or soliciting proxies.

UNDERTAKING

ISSUER UNDERTAKES TO PROVIDE WITHOUT CHARGE TO EACH PERSON SOLICITED, ON THE WRITTEN REQUEST OF ANY SUCH PERSON, A COPY OF THE ISSUER'S *ANNUAL REPORT ON SEC FORM 17-A*, AND SHALL INDICATE THE NAME AND ADDRESS OF THE PERSON TO WHOM SUCH WRITTEN REQUEST IS TO BE DIRECTED. AT THE DISCRETION OF MANAGEMENT, A CHARGE MAY BE MADE FOR EXHIBITS, PROVIDED SUCH CHARGE IS LIMITED TO REASONABLE EXPENSES INCURRED BY THE ISSUER IN FURNISHING SUCH EXHIBITS.

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong this **9th day of MAY 2025.**

SHANG PROPERTIES, INC.

By:

FEDERICO G. NOEL, JR.
Corporate Secretary

MANAGEMENT REPORT

Management's Discussion and Analysis (MD & A) or Plan of Operation

Furnish the information required by Part III, Paragraph (A) of "Annex C, as amended" for the most recent fiscal year and for the immediately preceding fiscal year.

(A) Management's Discussion and Analysis (MD&A) or Plan of Operation

(1) Plan of Operation – N/A (SPI has revenue in each of the last two fiscal years)

(2) Management's Discussion and Analysis

(a) Full Fiscal Years

Key Performance Indicators

		31-Dec		**%**
		2024	2023	Change
Turnover	(Php M)	11,819	9,817	20.39%
Profit Attributable to shareholders	(Php M)	9,357	5,518	69.54%
Earnings per share	(Php Ctv)	1.965	1.159	69.54%
Net Asset Value per share	(Php)	10.759	9.307	15.60%
Price Earnings Ratio	(Times)	2.005	3.167	-36.69%

		31-Dec		**%**
		2023	2022	Change
Turnover	(Php M)	9,817	7,861	24.88%
Profit Attributable to shareholders	(Php M)	5,518	3,635	51.84%
Earnings per share	(Php Ctv)	1.159	0.763	51.84%
Net Asset Value per share	(Php)	9.307	8.434	10.35%
Price Earnings Ratio	(Times)	3.167	3.341	-5.21%

		31-Dec		**%**
		2022	2021	**Change**
Turnover	(Php M)	7,861	4,574	71.86%
Profit Attributable to shareholders	(Php M)	3,635	2,124	71.11%
Earnings per share	(Php Ctv)	0.763	0.446	71.11%
Net Asset Value per share	(Php)	8.434	7.834	7.65%
Price Earnings Ratio	(Times)	3.328	5.851	-43.13%

- Turnover consists of revenue from condominium sales, rental and cinema, and hotel operations. Shang Properties' gross revenue increased by ₱2.002B to ₱11,819B in 2024 from ₱9.817B in 2023. Sales of residential condominium units of ₱4.615B accounted for 39% of the Group's turnover in 2024. Revenue from rental and cinema operations amounted to ₱2.68B, higher by ₱144M from last year's ₱2.540B. Hotel operations of Shangri-La at the Fort contributed revenue amounting to P4.519B or 38% of turnover in 2024, higher by ₱316M from last year's ₱4.203B.

- Profit attributable to shareholders pertains to net income from operations of the Group, net of minority shareholders' share. It increased by ₱3.839B or 69.54% compared with last year.

- Earnings per share of ₱1.965 were higher by 69.54% from last year's ₱1.159.

- Net Asset value per share is calculated by dividing the total net asset of the company (Total asset – Total liabilities) by the number of shares outstanding.

- Net asset value per share increased by 15.60% mainly due to increase in Properties Held for Sale due to ongoing property development and increase in Investment Properties mainly due to property revaluation and land acquisition as well as ongoing development.

- Price Earnings ratio is a valuation of the company's current share price compared to earnings per share and calculated by dividing the market value per share by the earnings per share. Price earnings ratio is lower by 36.69% at 2.005 times this year from 3.167 times last year. The Group' year-end share price in 2024 is ₱3.94 from ₱3.67 in 2023.

Results of Operations

Calendar Year 2024 Compared to Calendar Year 2023

	For the Period Ended December 31		Horizontal Analysis		Vertical Analysis	
In Php Millions	2024	2023	Increase (Decrease)		2024	2023
REVENUES						
Condominium sales	4,615	3,073	1,542	50%	62%	48%
Rental and cinema	2,684	2,540	144	6%	36%	40%
Hotel operations	4,519	4,203	316	8%	61%	66%
	11,819	9,817	2,002	20%	158%	155%
COST OF SALES AND SERVICES						
Condominium sales	2,031	1,233	798	65%	27%	19%
Rental and cinema	102	71	31	44%	1%	1%
Hotel operations	2,217	2,162	55	3%	30%	34%
	4,350	3,467	883	25%	58%	55%
GROSS INCOME	7,469	6,350	1,119	18%	100%	100%
OPERATING EXPENSES						
General and administrative	2,119	1,845	273	15%	28%	29%
Taxes, licenses and fees	248	193	55	28%	3%	3%
Depreciation	35	34	1	4%	0%	1%
Insurance	45	38	7	18%	1%	1%
	2,447	2,111	337	16%	33%	33%
OTHER INCOME						
Provision for impairment of related party receivables	(752)	-	(752)	-	-10%	0%
Foreign exchange (losses) gains-net	(16)	(10)	(6)	54%	0%	0%
Gain on fair value adjustment of investment properties, net	5,201	-	5,201	-	70%	0%
Other income - net	217	388	(170)	-44%	3%	6%
	4,650	377	4,273	1132%	62%	6%
FINANCE INCOME, NET						
Finance income	125	125	(0)	0%	2%	2%
Finance cost	(66)	(52)	(14)	27%	-1%	-1%
	59	73	(14)	-19%	1%	1%
INCOME BEFORE SHARE IN PROFIT (LOSS) OF ASSOCIATED COMPANIES	9,730	4,690	768	-18%	130%	74%
SHARE IN NET INCOME OF ASSOCIATES AND A JOINT VENTURE	2,527	2,461	66	100%	34%	39%
INCOME BEFORE INCOME TAX	12,257	7,151	5,106	71%	164%	113%
Provision for income tax	(2,285)	(1,049)	(1,236)	118%	-31%	-17%
NET INCOME	9,972	6,102	3,870	63%	134%	96%
Net Income Attributable to:						
Equity holders of the Parent Company	9,357	5,518	3,838	70%	125%	87%
Non-controlling interests	615	583	32	5%	8%	9%
	9,972	6,102	3,870	63%	134%	96%
BASIC AND DILUTED EARNINGS PER SHARE	**1.964**	**1.159**	**0.81**	**69%**		

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2024 amounted to ₱9.357B, ₱3,.39B higher than the ₱5.518B posted in the same period last year. This is mainly due to higher turnover and gain on Fair Value Adjustment of Investment Properties taken up during the year, amounting to ₱3.91B, net of deferred income tax effect.

Increase in Turnover by ₱2.002B or 20.39% to ₱11.819B in 2024 from ₱9.817B in 2023, mainly due to higher revenue from condominium sales, rental and cinema and hotel operations of Shangri-La at the Fort.

1. Increase in condominium sales by ₱1.539b is mainly due to higher percentage of completion across all projects and sales from the launch of two new projects – Shang Summit and Shang Bauhinia Residences. increase in the number of units sold across all projects of the Group, including Laya project which was launched this year.

2. Increase in revenue from rental and cinema by ₱144M mainly due to higher occupancy rate and higher rental yield of both office leasing at The Enterprise Center and mall operations of Shangri-La Plaza.

3. Increase in revenue from hotel operations by ₱316M is mainly due to higher occupancy of the Shangri-La at the Fort Hotel and increase revenue from other operating segments such as retail and residences.

Cost of sales and services of the Group amounted to ₱4.350B, higher by ₱883.2M compared with last year's ₱3.467B due to the net effect of the following:

1. Increase in cost of condominium sales by ₱798M mainly due to higher sales across all projects.

2. Increase in cost of rental and cinema by ₱30.89M mainly due to utilities costs and cost of outsourced services.

3. Increase in cost of hotel services by ₱54.58M due to higher occupancy compared to same period last year.

Operating expenses of the Group amounted to ₱2.447B higher by ₱336.18M or 15.93% from last year's ₱2.111B mainly due to the net effect of the following:

1. Higher staff cost by ₱105.64M due to annual salary adjustments and increase in number of employees of the Group.

2. Increase in taxes and licenses by ₱54.90M mainly due to higher annual business permits and Real Property Tax paid by the Group.

3. Increase in insurance expense by ₱6.93M mainly due to higher premiums of insurance due to market conditions.

4. Increase in other general and administrative expenses by ₱167.25M mainly due to Advertising and Commission Expenses incurred due to the various ongoing projects and Hotel operations.

Other income increased by ₱4.272BM mainly due to the Gain on Fair Value Adjustment of Investment Property, partially offset by the provision for impairment of receivables taken up during the year.

Increase in finance costs by ₱13.82M mainly due to higher bank loan balance.

Income tax expense is higher by ₱1.236B mainly due to higher taxable income generated during the year and the deferred income tax on the gain on revaluation.

Calendar Year 2023 Compared to Calendar Year 2022

In Php Millions	For the Period Ended December 31 2023	2022	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2023	2022
REVENUES						
Condominium sales	3,073	2,851	222	8%	48%	60%
Rental and cinema	2,540	2,165	375	17%	40%	46%
Hotel operations	4,203	2,845	1,358	48%	66%	60%
	9,817	7,861	1,956	25%	155%	166%
COST OF SALES AND SERVICES						
Condominium sales	1,233	1,227	7	1%	19%	26%
Rental and cinema	71	174	(103)	-59%	1%	4%
Hotel operations	2,162	1,729	433	25%	34%	37%
	3,467	3,130	337	11%	55%	66%
GROSS INCOME	6,350	4,731	1,619	34%	100%	100%
OPERATING EXPENSES						
General and administrative	1,845	1,514	331	22%	29%	32%
Taxes, licenses and fees	193	167	26	16%	3%	4%
Depreciation	34	32	2	6%	1%	1%
Insurance	38	14	25	181%	1%	0%
	2,111	1,726	385	22%	33%	36%
OTHER INCOME						
Finance income, net	73	124	(51)	-41%	1%	3%
Foreign exchange gains-net	(10)	15	(25)	-170%	0%	0%
Other income - net	388	101	287	285%	6%	2%
	450	239	212	89%	7%	5%
INCOME BEFORE SHARE IN PROFIT (LOSS) OF ASSOCIATED COMPANIES	4,690	3,244	1,446	101%	74%	69%
SHARE IN NET INCOME OF ASSOCIATES AND A JOINT VENTURE	2,461	1,422	1,039	100%	39%	30%
INCOME BEFORE INCOME TAX	7,151	4,666	2,485	53%	113%	99%
Provision for income tax	(1,049)	(677)	(372)	55%	-17%	-14%
NET INCOME	6,102	3,988	2,113	53%	96%	84%
Net Income Attributable to:						
Equity holders of the Parent Company	5,518	3,634	1,884	52%	87%	77%
Non-controlling interests	583	354	229	65%	9%	7%
	6,102	3,988	2,113	53%	96%	84%
BASIC AND DILUTED EARNINGS PER SHARE	**1.159**	**0.763**	**0.40**	**52%**		

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2023 amounted to ₽5.518B, P1.88B higher than the ₽3.634B posted in the same period last year.

Increase in Turnover by ₽1.956B or 24.88% to ₽9.817B in 2023 from ₽7.861B in 2022, mainly due to higher revenue from condominium sales, rental and cinema and hotel operations of Shangri-La at the Fort.

4. Increase in condominium sales by ₽222.4M is mainly due to increase in the number of units sold across all projects of the Group, including Laya project which was launched this year.

5. Increase in revenue from rental and cinema by ₽375.8M mainly due to higher occupancy rate of both office leasing at The Enterprise Center and mall operations of Shangri-La Plaza.

6. Increase in revenue from hotel operations by ₽1.358B is mainly due to higher occupancy of the Shangri-La at the Fort Hotel and strong performance of its food and beverage segments.

Cost of sales and services of the Group amounted to ₽3.467B, higher by ₽336.7M compared with last year's ₽3.13B due to the net effect of the following:

4. Increase in cost of condominium sales by ₱6.9M mainly due to higher sales across all projects.

5. Increase in cost of hotel services by ₱432.78M due to higher occupancy compared to same period last year.

6. The increases in condominium sales and cost of hotel services are partially offset by decrease in cost of rental and cinema by ₱103.1M mainly due to higher recovery of common expenses of Group's Mall operations.

Operating expenses of the Group amounted to ₱2.111B higher by ₱384.5M or 22.28% from last year's ₱1.726 mainly due to the net effect of the following:

5. Higher staff cost by ₱31.6M due to annual salary adjustments and increase in number of employees of the Group.

6. Increase in taxes and licenses by ₱26.4M mainly due to higher annual business permits and Real Property Tax paid by the Group.

7. Decrease in depreciation and amortization by ₱1.97M due to additional office improvements made and other equipment for the year.

8. Increase in insurance expense by ₱24.765M mainly due to Terrorism and Sabotage insurance acquired by TRDCI for Assembly Ground and higher premiums of insurance due to market conditions.

9. Increase in other general and administrative expenses by ₱299.8M mainly due to Advertising and Commission Expenses incurred due to the various ongoing projects and Hotel operations.

Other income increased by ₱154.25M mainly due to forfeited payments of cancelled units from The Rise and income from the sale of excess development rights in Shangri-La at the Fort.

Decrease in interest expense and bank charges by ₱57.33M mainly due to lower interest rate on bank loans of Shangri-La at the Fort and Shang Properties Inc and principal payments during the year.

Calendar Year 2022 Compared to Calendar Year 2021

In Php Millions	For the Period Ended December 31 2022	2021	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2022	2021
REVENUES						
Condominium sales	2,851	1,951	900	46%	60%	97%
Rental and cinema	2,165	1,820	345	19%	46%	91%
Hotel operations	2,845	802	2,043	255%	60%	40%
	7,861	4,574	3,287	72%	166%	228%
COST OF SALES AND SERVICES						
Condominium sales	1,227	958	269	28%	26%	48%
Rental and cinema	174	81	93	114%	4%	4%
Hotel operations	1,729	1,526	204	13%	37%	76%
	3,130	2,565	565	22%	66%	128%
GROSS INCOME	4,731	2,009	2,722	135%	100%	100%
OPERATING EXPENSES						
General and administrative	1,514	1,121	393	35%	32%	56%
Taxes, licenses and fees	167	183	(16)	-9%	4%	9%
Depreciation	32	39	(7)	-18%	1%	2%
Insurance	14	8	5	61%	0%	0%
	1,726	1,351	375	28%	36%	67%
OTHER INCOME						
Finance income, net	124	75	49	66%	3%	4%
Foreign exchange gains-net	15	5	10	222%	0%	0%
Other income - net	101	181	(81)	-45%	2%	9%
	239	260	(22)	-8%	5%	13%
INCOME BEFORE SHARE IN PROFIT (LOSS) OF ASSOCIATED COMPANIES	3,244	918	2,326	99%	69%	46%
SHARE IN NET INCOME OF ASSOCIATES AND A JOINT VENTURE	1,422	405	1,017	100%	30%	20%
INCOME BEFORE INCOME TAX	4,666	1,323	3,343	253%	99%	66%
Provision for income tax	(677)	868	(1,545)	-178%	-14%	43%
NET INCOME	3,988	2,190	1,798	82%	84%	109%
Net Income Attributable to:						
Equity holders of the Parent Company	3,634	2,124	1,510	71%	77%	106%
Non-controlling interests	354	66	287	434%	7%	3%
	3,988	2,190	1,798	82%	84%	109%
BASIC AND DILUTED EARNINGS PER SHARE	**0.763**	**0.446**	**0.32**	**71%**		

Shang Properties Inc.'s consolidated net income attributable to shareholders for the year ended December 31, 2022 amounted to ₽3.634, ₽1.510B higher than the ₽2.124B posted in the same period last year.

1. Increase in Turnover by ₽3.287B or 71.86% to ₽7.861B in 2022 from ₽4.574B in 2021, mainly due to higher revenue from condominium sales, rental and cinema and hotel operations of Shangri-La at the Fort.

2. Increase in condominium sales by ₽900M is mainly due to higher percentage of completion used to recognize revenue for the year and also higher number of units sold compared with last year.

3. Increase in revenue from rental and cinema by ₽345M mainly due to higher rental yield of Shangri-La Plaza Mall. Occupancy of the Mall also slight improved compared with last year.

4. Increase in revenue from hotel operations by ₽2.043B is mainly due to higher occupancy of the Shangri-La at the Fort Hotel caused by the easing up of restrictions regarding entry of foreign travelers in the Philippines. Average daily rate of the Hotel also significantly increased as more business and leisure stays were booked, as opposed to quarantine-related bookings in 2021.

Cost of sales and services of the Group amounted to ₱3.188B, higher by ₱623M compared with last year's ₱2.565B due to the following:

1. Increase in cost of condominium sales by ₱269M due to the corresponding increase in revenue across all projects.

2. Increase in cost of rental and cinema by ₱93M mainly due to higher common area expenses, particularly cost of electricity, brought about by higher occupancy rate and increased operations of the Mall as a result of the easing up of COVID-19 restrictions which increased foot traffic in the Mall.

3. Increase in cost of hotel services by ₱261M due to higher occupancy compared to same period last year.

Operating expenses of the Group amounted to ₱1.68B higher by ₱328M or 24.25% from last year's ₱1.35B mainly due to the net effect of the following:

1. Higher professional fees by ₱124M due to higher service fees paid by Shangri-La at the Fort for credit card transactions of guests due to increase in value of the credit card transactions and also due to professional fee relating to current and new projects.

2. Higher advertising costs by ₱74M because of marketing initiatives regarding corporate branding as well as to promote all the ongoing projects and the hotel.

3. Increase in cost of systems and license maintenance by ₱66M mainly due to various automation initiatives and systems upgrade, particularly for Shangri-La at the Fort Hotel.

4. Higher amount donated to various feeding programs and typhoon relief operations by ₱30M.

5. Higher cost of electricity by ₱19M due to increase in electricity rates per kwhr.

6. Higher condominium dues by ₱18M, paid to the Condominium Corporation of The Enterprise Center, the Group's office building which is being leased out. The Group pays for vacant spaces and occupancy rate of the building decreased in 2022.

Other income decreased by ₱22M mainly due to lower income from forfeited security deposits of tenants compared with 2021.

Decrease in interest expense and bank charges by ₱11M mainly due to full payment of the long term debt of Shang Properties Inc. Most of the outstanding borrowings of the Group are related to property development so the interest expenses are mostly capitalized.

Provision for income tax is higher by ₱1.545B mainly due to increase in taxable income and also because of adjustments due to CREATE Law which effectively reduced provision for income tax in 2021.

Financial Condition

Calendar Year 2024 Compared to Calendar Year 2023

SHANG PROPERTIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Amounts expressed in Php)

In Php Millions	As of December 31 2024	2023	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	3,172	1,408	1,763	125%	3%	2%
Financial assets at fair value through profit or loss	33	35	(3)	-7%	0%	0%
Receivables-net	7,710	6,839	871	13%	8%	9%
Properties held for sale	8,397	5,259	3,138	60%	9%	7%
Prepaid and other current assets	3,393	2,613	779	30%	4%	4%
Total Current Assets	22,703	16,155	6,548	41%	25%	22%
Non-Current Assets						
Investment in and advances to associates and a joint venture	9,251	8,219	1,031	13%	10%	11%
Investment properties	47,194	37,289	9,905	27%	51%	50%
Financial assets at fair value through other comprehensive income	847	829	17	2%	1%	1%
Property and equipment - net	9,981	10,246	(266)	-3%	11%	14%
Goodwill	270	270	0	0%	0%	0%
Deferred income tax assets	173	225	(52)	-23%	0%	0%
Other noncurrent assets	1,424	1,416	8	1%	2%	2%
Total Non-Current Assets	69,139	58,495	10,644	18%	75%	78%
Total Assets	**91,842**	**74,650**	**17,192**	**23%**	**100%**	**100%**
LIABILITIES & STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	5,341	5,322	18	0%	6%	7%
Current portion of:						
Bank loans	11,055	10,115	940	9%	12%	14%
Deposits from tenants	570	711	(141)	-20%	1%	1%
Deferred lease income	27	12	16	135%	0%	0%
Income tax payable	293	44	249	562%	0%	0%
Dividends payable	527	70	457	654%	1%	0%
Total Current Liabilities	17,813	16,274	1,539	9%	19%	22%
Non-Current Liabilities						0%
Retirement benefit liability	171	127	44	35%	0%	0%
Bank loans- net of current portion	7,040	(0)	7,040	-	8%	0%
Deferred income tax liabilities, net	8,838	7,416	1,422	19%	10%	10%
Deposit from tenants, net of current portion	502	320	182	57%	1%	0%
Deferred lease income, net of current portion	30	25	5	20%	0%	0%
Total Non-Current Liabilities	16,722	7,888	8,834	112%	18%	11%
Total Liabilities	34,536	24,162	10,374	43%	38%	32%
Stockholders' Equity						0%
Share capital	4,764	4,764	0	0%	5%	6%
Share premium	834	834	0	0%	1%	1%
Treasury shares	(7)	(7)	0	0%	0%	0%
Equity reserves	(141)	(141)	(0)	0%	0%	0%
Other comprehensive income	302	290	12	4%	0%	0%
Retained earnings	45,480	38,577	6,903	18%	50%	52%
Non-controlling interest	6,074	6,171	(97)	-2%	7%	8%
Total equity	57,307	50,488	6,818	14%	62%	68%
Total Liabilities and Equity	**91,842**	**74,650**	**17,192**	**23%**	**100%**	**100%**

Total assets of the Group amounted to ₱91.842B, increased by ₱17.192B from the total assets of ₱74.650B on December 31, 2023. The following are the significant movements in the assets:

- Increase in cash and cash equivalents by ₱1.763B mainly due to collection of receivables and proceeds from loan availment.

- Decrease in financial assets at fair value through profit or loss by ₱2.51M due to loss on fair value adjustment recognized during the year.

- Increase in trade and other receivables by ₱870.60M is mainly due to higher Installment Contracts Receivable from Condominium sales with two additional projects launched during the year.

- Increase in properties held for sale by ₱3.137B mainly due to ongoing project development and additional two ongoing projects.

- Net increase in investment in and advances to an associate and a joint venture by ₱1.031B is mainly due to the Group's 50% share in net income of Shang Robinsons Properties, Inc. which is a joint venture with Robinson's Land Corporation (RLC).

- Increase in investment properties by ₱9.905B is mainly due to the fair value adjustment of SLPC Mall and certain parcels of land held by the Group, as well as accumulated development cost of a commercial project.

- Decrease in deferred income tax assets by ₱52.19M is mainly due to income recognition of SGCPI's NOLCO for the period.

- Decrease in other noncurrent assets by ₱1.226B is mainly due to advances to contractors in 2023 that were either already recovered or reclassified to current status.

The net increase in total liabilities by ₱10.374B from ₱24.162B in 2023 to ₱34.536B in 2024 mainly due to the following:

- Increase in bank loans mainly due to new loans availed during the year amounting to ₱7.98B.

- Increase in income tax payable by ₱248.82M mainly due to higher taxable income for the year.

- Increase in dividends payable by ₱457.48M due to unreleased dividend payments to an overseas mniroity shareholder of a subsidiary.

- Increase in deferred income tax liability by ₱1.422B due the deferred income tax effect of the gain on revaluation of investment property taken up during the year.

Calendar Year 2023 Compared to Calendar Year 2022

In Php Millions	As of December 31 2023	2022	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	1,408	1,319	90	7%	2%	2%
Financial assets at fair value through profit or loss	35	31	4	13%	0%	0%
Receivables-net	6,839	5,554	1,285	23%	9%	8%
Properties held for sale	5,259	4,447	812	18%	7%	7%
Prepaid and other current assets	2,613	2,259	354	16%	4%	3%
Total Current Assets	16,155	13,610	2,545	19%	22%	20%
Non-Current Assets						
Investment in and advances to associates and a joint venture	8,219	5,748	2,471	43%	11%	8%
Investment properties	37,289	35,972	1,317	4%	50%	53%
Financial assets at fair value through other comprehensive income	829	812	17	2%	1%	1%
Property and equipment - net	10,246	10,574	(328)	-3%	14%	16%
Goodwill	270	270	-	0%	0%	0%
Deferred income tax assets	225	495	(270)	-55%	0%	1%
Other noncurrent assets	1,416	149	1,268	853%	2%	0%
Total Non-Current Assets	58,495	54,020	4,476	8%	78%	80%
Total Assets	**74,650**	**67,630**	**7,020**	**10%**	**100%**	**100%**
LIABILITIES & STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	5,322	5,059	264	5%	7%	7%
Current portion of:						
Bank loans	10,115	8,007	2,108	26%	14%	12%
Deposits from tenants	711	698	13	2%	1%	1%
Deferred lease income	12	2	10	460%	0%	0%
Income tax payable	44	42	3	6%	0%	0%
Dividends payable	70	61	9	14%	0%	0%
Total Current Liabilities	16,274	13,868	2,406	17%	22%	21%
Non-Current Liabilities						0%
Retirement benefit liability	127	84	43	51%	0%	0%
Bank loans- net of current portion	(0)	300	(300)	-100%	0%	0%
Deferred income tax liabilities, net	7,416	7,095	322	5%	10%	10%
Deposit from tenants, net of current portion	320	308	12	4%	0%	0%
Deferred lease income, net of current portion	25	40	(15)	-38%	0%	0%
Total Non-Current Liabilities	7,888	7,826	62	1%	11%	12%
Total Liabilities	24,162	21,694	2,468	11%	32%	32%
Stockholders' Equity						0%
Share capital	4,764	4,764	-	0%	6%	7%
Share premium	834	834	(0)	0%	1%	1%
Treasury shares	(7)	(7)	-	0%	0%	0%
Equity reserves	(141)	(141)	0	0%	0%	0%
Other comprehensive income	290	274	15	6%	0%	0%
Retained earnings	38,577	34,436	4,140	12%	52%	51%
Non-controlling interest	6,171	5,775	396	7%	8%	9%
Total equity	50,488	45,936	4,552	10%	68%	68%
Total Liabilities and Equity	**74,650**	**67,630**	**7,020**	**10%**	**100%**	**100%**

Shang Properties' consolidated net income attributable to shareholders for the year ended December 31, 2023 amounted to ₱5.518B, P1.88B higher than the ₱3.634B posted in the same period last year.

1. Increase in Turnover by ₱1.956B or 24.88% to ₱9.817B in 2023 from ₱7.861B in 2022, mainly due to higher revenue from condominium sales, rental and cinema and hotel operations of Shangri-La at the Fort.

2. Increase in condominium sales by ₱222.4M is mainly due to increase in the number of units sold across all projects of the Group, including Laya project which was launched this year.

3. Increase in revenue from rental and cinema by ₱375.8M mainly due to higher occupancy rate of both office leasing at The Enterprise Center and mall operations of Shangri-La Plaza.

4. Increase in revenue from hotel operations by ₱1.358B is mainly due to higher occupancy of the Shangri-La at the Fort Hotel and strong performance of its food and beverage segments.

Cost of sales and services of the Group amounted to ₱3.467B, higher by ₱336.7M compared with last year's ₱3.13B due to the net effect of the following:

1. Increase in cost of condominium sales by ₱6.9M mainly due to higher sales across all projects.

2. Increase in cost of hotel services by ₱432.78M due to higher occupancy compared to same period last year.

3. The increases in condominium sales and cost of hotel services are partially offset by decrease in cost of rental and cinema by ₱103.1M mainly due to higher recovery of common expenses of Group's Mall operations.

Operating expenses of the Group amounted to ₱2.111B higher by ₱384.5M or 22.28% from last year's ₱1.726 mainly due to the net effect of the following:

1. Higher staff cost by ₱31.6M due to annual salary adjustments and increase in number of employees of the Group.

2. Increase in taxes and licenses by ₱26.4M mainly due to higher annual business permits and Real Property Tax paid by the Group.

3. Decrease in depreciation and amortization by ₱1.97M due to additional office improvements made and other equipment for the year.

4. Increase in insurance expense by ₱24.765M mainly due to Terrorism and Sabotage insurance acquired by TRDCI for Assembly Ground and higher premiums of insurance due to market conditions.

5. Increase in other general and administrative expenses by ₱299.8M mainly due to Advertising and Commission Expenses incurred due to the various ongoing projects and Hotel operations.

Other income increased by ₱154.25M mainly due to forfeited payments of cancelled units from The Rise and income from the sale of excess development rights in Shangri-La at the Fort.

Decrease in interest expense and bank charges by ₱57.33M mainly due to lower interest rate on bank loans of Shangri-La at the Fort and Shang Properties Inc and principal payments during the year.

Provision for income tax is higher by ₱371.53M mainly due to higher taxable income generated during the year.

Calendar Year 2022 Compared to Calendar Year 2021

In Php Millions	As of December 31 2022	2021	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2022	2021
ASSETS						
Current Assets						
Cash and cash equivalents	1,319	1,376	(58)	-4%	2%	2%
Financial assets at fair value through profit or loss	31	31	1	2%	0%	0%
Receivables-net	5,554	4,381	1,173	27%	8%	7%
Properties held for sale	4,435	3,665	770	21%	7%	6%
Prepaid and other current assets	2,259	1,947	312	16%	3%	3%
Total Current Assets	13,598	11,400	2,198	19%	20%	18%
Non-Current Assets						
Investment in and advances to associates and a joint venture	5,748	4,318	1,430	33%	8%	7%
Investment properties	35,984	35,385	599	2%	53%	55%
Financial assets at fair value through other comprehensive income	812	797	16	2%	1%	1%
Property and equipment - net	10,574	10,814	(240)	-2%	16%	17%
Goodwill	270	270	-	0%	0%	0%
Deferred income tax assets	495	616	(121)	-20%	1%	1%
Other noncurrent assets	149	177	(28)	-16%	0%	0%
Total Non-Current Assets	54,032	52,376	1,655	3%	80%	82%
Total Assets	**67,630**	**63,777**	**3,853**	**6%**	**100%**	**100%**
LIABILITIES & STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	5,059	4,774	285	6%	7%	7%
Current portion of:						
Installment payable	-	48	(48)	-100%	0%	0%
Bank loans	8,007	6,610	1,396	21%	12%	10%
Deposits from tenants	698	845	(148)	-17%	1%	1%
Deferred lease income	2	19	(17)	-89%	0%	0%
Income tax payable	42	55	(13)	-24%	0%	0%
Dividends payable	61	62	(1)	-1%	0%	0%
Total Current Liabilities	13,868	12,413	1,455	12%	21%	19%
Non-Current Liabilities						0%
Retirement benefit liability	84	65	19	30%	0%	0%
Bank loans- net of current portion	300	1,096	(796)	-73%	0%	2%
Deferred income tax liabilities, net	7,095	6,879	216	3%	10%	11%
Advance rentals, net of current portion	-	157	(157)	-100%	0%	0%
Deposit from tenants, net of current portion	308	194	114	59%	0%	0%
Deferred lease income, net of current portion	40	36	4	13%	0%	0%
Total Non-Current Liabilities	7,826	8,425	(599)	-7%	12%	13%
Total Liabilities	21,694	20,838	856	4%	32%	33%
Stockholders' Equity						0%
Share capital	4,764	4,764	-	0%	7%	7%
Share premium	834	834	-	0%	1%	1%
Treasury shares	(7)	(7)	-	0%	0%	0%
Equity reserves	(141)	(141)			0%	0%
Other comprehensive income	274	269	6	2%	0%	0%
Retained earnings	34,436	31,588	2,849	9%	51%	50%
Non-controlling interest	5,775	5,632	143	3%	9%	9%
Total equity	45,936	42,939	2,997	7%	68%	67%
Total Liabilities and Equity	**67,630**	**63,777**	**3,853**	**6%**	**100%**	**100%**

Total assets of the Group as of December 31, 2022 amounted to ₱67.630B, increased by ₱3.853B from the total assets of ₱63.777B on December 31, 2021. The following are the significant movements in the assets:

- Decrease in cash and cash equivalents by ₱58M mainly due to usage in operations and additions to properties held for sale through property development.

- Decrease in financial assets at fair value through profit or loss by ₱3M due to loss on fair value adjustment recognized during the year.

- Increase in properties held for sale by ₱770M mainly due to ongoing project development and acquisition cost of land which will also be used for project development.

- Net increase in investment in and advances to an associate and a joint venture is mainly due to the Group's 50% share in net income of Shang Robinsons Properties, Inc. which is a joint venture with Robinson's Land Corporation (RLC).

- Increase in investment properties by ₽599M is mainly due to the development cost of a commercial project.

- Decrease in property, plant and equipment by ₽240M is mainly due to periodic depreciation.

- Decrease in deferred income tax assets by ₽121M is mainly due to income recognition of SGCPI's NOLCO for the period.

The net decrease in total liabilities by ₽856M from ₽20.838B in 2021 to ₽21.694B in 2022 mainly due to the following:

- The net increase in Accounts Payable by ₽376M is mainly due to increase in advanced rent of Shangri-La Plaza Mall as well as higher payable to government agencies due to higher expenses during the last quarter of 2022.

- Increase in bank loans by ₽600M mainly due to new availments of short-term loans during the year amounting to ₽3.256B which is partially offset by payment of long-term dept and short-term loans of the Shangri-La at the Fort Hotel of ₽2.865B.

- Decrease in deferred lease income by ₽17M and Deposit from Tenants by ₽148M is mainly due to lower deposits from The Enterprise Center (TEC) and Shangri-La Plaza.

- Decrease in income tax payable by ₽13M mainly due to quarterly payments and applicable creditable withholding taxes.

- Increase in accrued employee benefits by ₽19M mainly due to accrual of retirement benefits.

Statement of Cash Flows

Net cash provided by operating activities in 2024 amounted to ₱763.49M. The cash inflows in 2024, 2023 and 2022 includes collection of revenue from various condominium projects, rental revenue from mall operation of the Shangri-La Plaza and leasing operations of TEC, and hotel operations of Shangri-La at the Fort. Net cash provided by operating activities in 2023 is ₱1.237B and ₱1.181B in 2022.

Net cash used in investing activities in 2024 amounted to ₱5.636B mainly used in the acquisition of a subsidiary and project development of an investment property. Net cash used in investing activities in 2023 and 2022 amounted to ₱1.3442B and ₱749.86M, respectively.

Net cash provided by financing activities in 2024 amounted to ₱6.633B mainly from new short-term loan proceeds for the year. In 2023, net cash provided by financing activities amounted ₱194.92M and in 2022 the Groups financing activities resulted to a net cash outflow of ₱513.14M mainly due to payments of bank loans, interest and cash dividends.

(b) Interim Periods

Key Performance Indicators

		31-Mar		%
		2025	2024	Change
Turnover	(Php M)	2,655.1	2,594.9	2.33%
Profit Attributable to shareholders	(Php M)	1,008.8	1,134.0	-11.04%
Earnings per share	(Php Ctv)	0.212	0.238	-11.04%
Net Asset Value per share	(Php)	10.977	9.545	15.00%
Debt Equity Ratio	(Times)	0.762	0.502	51.72%

- Turnover consists of sales of residential condominium units, revenue from rental and cinema and hotel operations. For three (3) months ended March 31, 2025, Shang Properties' revenue increased by ₱60.3 million (M) to ₱2.66 billion (B) from ₱2.59B revenue during the same period in 2024. Sales of residential condominium units accounted for ₱788.1M or 29% of the total revenue and is lower by ₱78.6M from ₱858.6M in the same period last year. Revenue from leasing operations amounted to ₱669.2M or 25% of the total revenue and is higher by ₱29.3M from ₱639.9M in the same period last year. Shangri-La at the Fort's hotel operations contributed revenue amounting to ₱1.2B or 45% of the total revenue and is higher by ₱109.6M from ₱1.1B in the same period last year.

- Profit attributable to shareholders amounted to ₱1.01B, lower by ₱125.2M or 11.04% compared with ₱1.1B in the same period last year. The decrease in profit attributable to shareholders is mainly due to lower revenue from property sales.

- Earnings per share of ₱0.212 in 2025 is lower by 11.04% compared with ₱0.238 at the end of the first three quarters of 2024.

- Net asset value per share is calculated by dividing the total net asset of the Group (Total assets – Total liabilities and equity attributable to non-controlling interest) by the number of shares outstanding. Net asset value per share increased by 15% mainly due to income generated during the period and revaluation of investment property which was effected in Q4 2024.

- Debt to equity measures the exposure of creditors to that of the stockholders. It gives an indication of how leveraged the Group is. It is determined by dividing total debt by stockholder's equity. The Group's financial position remains solid with debt to equity ratio of 0.76:1 as of March 31, 2025 and 0.50:1 as of March 31, 2024.

Results of Operation

In Php Millions	For the Period Ended March 31 2025	2024	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2024	2023
REVENUES						
Condominium sales	780	859	(79)	-9%	50%	53%
Rental and cinema	669	640	29	5%	43%	40%
Hotel operations	1,206	1,096	110	10%	77%	68%
	2,655	2,595	60	2%	169%	161%
COST OF SALES AND SERVICES						
Condominium sales	521	429	92	21%	33%	27%
Rental and cinema	16	25	(9)	-36%	1%	2%
Hotel operations	551	525	26	5%	35%	32%
	1,088	979	109	11%	69%	61%
GROSS INCOME	1,567	1,616	(49)	-3%	100%	100%
OPERATING EXPENSES						
General and administrative	562	463	99	21%	36%	29%
Taxes, licenses and fees	69	67	2	3%	4%	4%
Depreciation	9	8	1	17%	1%	0%
Insurance	12	9	3	30%	1%	1%
	652	546	105	19%	42%	34%
OTHER INCOME						
Foreign exchange (losses) gains-net	(9)	2	(11)	-670%	-1%	0%
Other income - net	111	48	63	132%	7%	3%
	102	50	52	106%	7%	3%
FINANCE INCOME, NET						
Finance income	29	27	2	7%	2%	2%
Finance cost	(11)	(4)	(8)	212%	-1%	0%
	18	24	(6)	-24%	1%	1%
INCOME BEFORE SHARE IN PROFIT (LOSS) OF ASSOCIATED COMPANIES	1,036	1,143	(160)	-46%	66%	71%
SHARE IN NET INCOME OF ASSOCIATES AND A JOINT VENTURE	357	409	(53)	100%	23%	25%
INCOME BEFORE INCOME TAX	1,392	1,553	(160)	-10%	89%	96%
Provision for income tax	(208)	(259)	52	-20%	-13%	-16%
NET INCOME	1,185	1,293	(109)	-8%	76%	80%
Net Income Attributable to:						
Equity holders of the Parent Company	1,009	1,134	(125)	-11%	64%	70%
Non-controlling interests	176	159	17	10%	11%	10%
	1,185	1,293	(109)	-8%	76%	80%
BASIC AND DILUTED EARNINGS PER SHARE	**0.212**	**0.238**	**-0.03**	**-11%**		

Consolidated net income for the period ended March 31, 2025 amounted to ₱1.185B which is lower by ₱109M compared with last year's ₱1.293B. Net Income Attributable to Equity Holders of the Parent Company is ₱1.009B which is 10% lower than the same period in 2024 of ₱1.134B.

Turnover increased by ₱60M to ₱2.655B in 2025 from ₱2.595B in 2024, mainly due to net effect of the following:

- Decrease in revenue from condominium sales by ₱78M mainly due to lower number of units sold during the first quarter of the year due to challenging market conditions.
- Increase in revenue from rental and cinema by ₱24M mainly due to higher occupancy rate of Shangri-La Plaza Mall.
- Increase in revenue from hotel operations by ₱109M mainly due to higher occupancy of Shangri-La at the Fort Hotel during the first quarter of 2025 compared with the same period last year.

Total Cost of Sales and Services of the Group amounted to ₱1.088B, higher by ₱109M compared with last year's ₱978M. This was mainly due to the following:

- Higher cost of condominium sales due to increase in prices of construction materials and other costs related to property development.

- Decrease in cost of rental and cinema by ₱9M mainly due to lower electricity costs and higher recovery of common area expenses during the first quarter of 2025.

- Increase in cost of hotel operations by ₱26M due to higher departmental expenses because of higher occupancy rate.

Total Operating Expenses of the Group amounted to ₱652M, higher by ₱105M compared with last year's ₱546M. This was mainly due to the net effect of the following:

- Increase in general and administrative expense by P99M is mainly due Advertising Expenses incurred by Shangri-La at the Fort as well as higher cost of marketing initiatives for the ongoing projects. Staff cost also increased due to annual salary adjustments.

- Increase in taxes and licenses due to documentary stamp tax on bank loans.

- Increase in insurance by ₱2.6M mainly due to higher rates caused by current market conditions.

- Other Income Increased by ₱54M mainly due to higher interest on the significant financing component on installment contracts coming from the Group's property sales.

Financial Condition

	As of		Horizontal		Vertical	
	March 31	December :	Analysis		Analysis	
In Php Millions	2025	2024	Increase (Decrease)		2025	2024
ASSETS						
Current Assets						
Cash and cash equivalents	2,884	3,172	(287)	-9%	3%	3%
Financial assets at fair value through profit or loss	33	33	0	0%	0%	0%
Receivables-net	6,619	7,710	(1,091)	-14%	7%	8%
Properties held for sale	8,686	8,397	289	3%	9%	9%
Prepaid and other current assets	3,816	3,393	424	12%	4%	4%
Total Current Assets	22,038	22,703	(665)	-3%	24%	25%
Non-Current Assets						
Installment contract receivable - net of current portion			-	0%	0%	0%
Investment in and advances to associates and a joint venture	9,455	9,251	204	2%	10%	10%
Investment properties	47,698	47,194	504	1%	52%	51%
Financial assets at fair value through other comprehensive income	847	847	0	0%	1%	1%
Property and equipment - net	9,900	9,981	(80)	-1%	11%	11%
Goodwill	270	270	(0)	0%	0%	0%
Deferred income tax assets	108	173	(64)	-37%	0%	0%
Other noncurrent assets	1,266	1,424	(159)	-11%	1%	2%
Total Non-Current Assets	69,544	69,139	405	1%	76%	75%
Total Assets	**91,582**	**91,842**	**(260)**	**0%**	**100%**	**100%**
LIABILITIES & STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	4,778	5,341	(562)	-11%	5%	6%
Current portion of:						
Bank loans	3,522	11,055	(7,533)	-68%	4%	12%
Deposits from tenants	118	570	(452)	-79%	0%	1%
Deferred lease income	8	27	(19)	-70%	0%	0%
Income tax payable	491	293	198	68%	1%	0%
Dividends payable	223	527	(304)	-58%	0%	1%
Total Current Liabilities	9,141	17,813	(8,673)	-49%	10%	19%
Non-Current Liabilities						
Retirement benefit liability	77	171	(95)	-55%	0%	0%
Bank loans- net of current portion	14,573	7,040	7,533	-	16%	8%
Deferred income tax liabilities, net	8,700	8,838	(138)	-2%	9%	10%
Advance rentals, net of current portion	141	141	0	-	0%	0%
Deposit from tenants, net of current portion	987	502	484	96%	1%	1%
Deferred lease income, net of current portion	13	30	(17)	-57%	0%	0%
Total Non-Current Liabilities	24,490	16,722	7,767	46%	27%	18%
Total Liabilities	33,630	34,536	(905)	-3%	37%	38%
Stockholders' Equity						0%
Share capital	4,764	4,764	(0)	0%	5%	5%
Share premium	834	834	(0)	0%	1%	1%
Treasury shares	(7)	(7)	(0)	0%	0%	0%
Equity reserves	330	(141)	471	-334%	0%	0%
Other comprehensive income	46,489	302	46,187	15300%	51%	0%
Retained earnings	(141)	45,480	(45,621)	-100%	0%	50%
Non-controlling interest	5,682	6,074	(392)	-6%	6%	7%
Total equity	57,952	57,307	645	1%	63%	62%
Total Liabilities and Equity	**91,582**	**91,842**	**(260)**	**0%**	**100%**	**100%**

Total assets of the Group as of March 31, 2025 amounted to ₱91.6B, a decrease of ₱260m from total assets of ₱91.8B in December 31, 2024. Following are significant movements in assets during the first quarter of the year:

- Cash and Cash Equivalents decreased by ₱287M mainly due to usage of funds in operations and property development requirements.

- Receivables decreased by ₱1.1b mainly due to collection of receivable from sales of condominium units and parking slots of all ongoing projects, particularly from Wack Wack as handover of units to buyers are currently ongoing.

- Properties Held for Sale increased by ₱289M mainly due to additional development costs of all ongoing projects.

- Prepaid and Other Current Assets increased mainly due to down payments made to contractors of Laya & Shang One Horizon projects during the first quarter of the year. These will be recouped from future progress billings. Also, included are annual prepaid expenses paid at the beginning of the year and will be amortized monthly.

- Investments in and advances to associates and a Joint Venture increased by ₱204M mainly due to the parent's share in Net Income from Shang Robinsons Properties, Inc. for Q1 2025.

- Investment Properties increased by ₱504M mainly due to Construction costs incurred for Shang One Horizon project.

- Current ratio is 2.4:1 as of March 31, 2024 from 1.3:1 as of December 31, 2024.

Total liabilities decreased by ₱0.9B from ₱34.5B in 2024 to ₱33.6B in 2025 mainly due to the net effect of the following:

- Decrease in Accounts Payable by ₱562M is mainly due to payments made to suppliers during the first quarter of the year.

- Increase in income tax payable by ₱198M is mainly due to income tax due for the first quarter of 2025 as well as final income tax payment for the year 2024 which were paid only in April 2025.

- Deferred Income Tax Liabilities decreased by ₱138M mainly due to the effect of the difference in accounting method used by in the different ongoing projects.

Information required by Part III, Paragraph (A) (2) (b) of "Annex C" of SRC Rule 2 (Applicable to all fiscal and interim periods in this report)

(i) There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

(ii) There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of obligation.

(iii) There are no off balance sheet material transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

(iv) There are no material commitments for capital expenditures.

(v) There are no known trends, events or uncertainties that have had or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

(vi) There are no significant elements of income or loss that did not arise from the Registrant's continuing operations.

(vii) Causes of material changes from period to period of FS including vertical and horizontal analysis of material item. Please see discussion under financial condition.

(viii) There are no seasonal aspects that had a material effect on the financial statements.

Furnish the information required by Part III, Paragraph (B) of "Annex C, as amended"

(1) If during the two most recent fiscal years or any subsequent interim period, the independent accountant has resigned, was dismissed or otherwise ceased performing services, state the name of the previous accountant and the date of resignation, dismissal or cessation of performing services.

Not Applicable

(2) Describe if there were any disagreements with the former accountant on any matter of accounting and financial disclosure.

The Group's external auditor for the last 2 years is Isla Lipana & Co. There was no disagreement/s with Isla Lipana & Co. on any accounting and financial disclosure matters.

(3) File as an exhibit to the report the letter from the former accountant addressed to the Commission stating whether it agrees with the statements made by the company and, if not, stating the respects in which it does not agree.

Not Applicable

Information of Independent Accountant and other related matters

a. External Audit Fees and Services

The table below sets forth the aggregate fees billed to the Company for each of the last two (2) years for professional services rendered by Isla Lipana & Co.:

	2024	**2023**
Audit Fees	4,360,000	4,039,000
Tax Consultancy Fees	1,300,000	-
	5,660,000	**4,039,000**

<u>No other service was provided by external auditors to the Company for the fiscal years 2024 and 2023.</u>

b. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Consolidated Audited Financial Statements

The Consolidated Audited Financial Statements of the Group for 2024 are incorporated in the accompanying Exhibits and Schedules.

Statements Required by Rule 68 Securities Regulation Code (SRC)

Other Required Disclosures

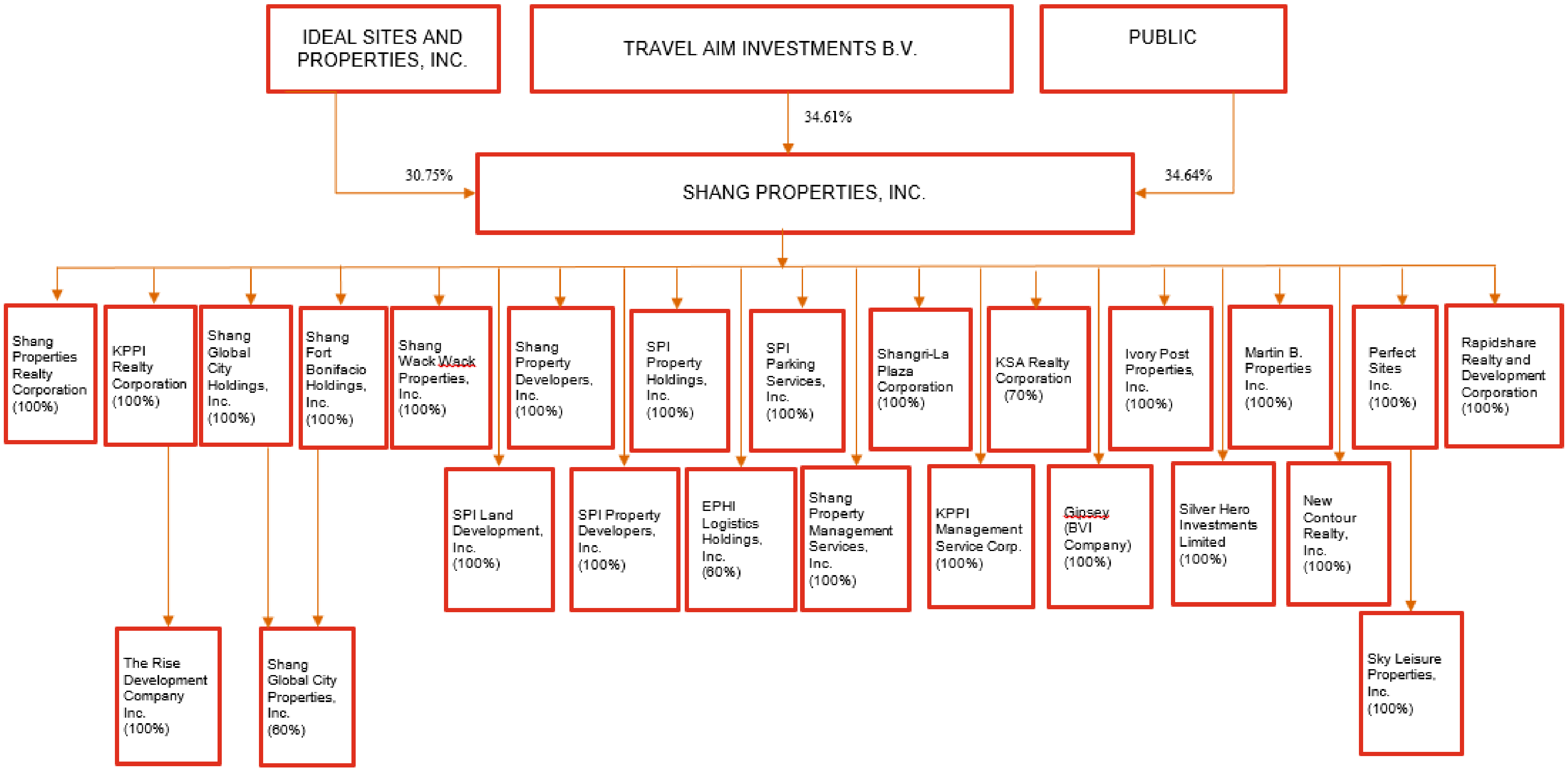
A.) The attached interim financial reports were prepared in accordance with Philippine Financial Reporting Standard. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended March 31, 2024.

B.) Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

Statements Required by Rule 68 Securities Regulation Code (SRC)

Shang Properties, Inc. and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
as of December 31, 2024



Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2024, 2023 and 2022
(All amounts in thousands of Philippine Peso)

Ratio	Formula		2024	2023	2022
A. Current and Liquidity Ratios					
1. Current ratio	Total current assets	23,937,058	1.34	0.99	0.98
	Divided by: Total current liabilities	17,813,490			
	Current ratio	1.34			
2. Acid test ratio	Total current assets	23,937,058	1.08	0.82	0.82
	Less: Prepaid taxes and other current assets	4,626,305			
	Quick assets	19,310,753			
	Divided by: Total current liabilities	17,813,490			
	Acid test ratio	1.08			
B. Solvency ratio	Net income	9,356,554	0.3	0.3	0.2
	Add: Depreciation*	35,464			
	Net income before depreciation	9,392,018			
	Divided by: Total liabilities	34,535,632			
	Solvency ratio	0.3			
C. Debt to equity ratio	Total liabilities	34,535,632	0.60	0.48	0.47
	Divided by: Total equity	57,306,704			
	Debt to equity ratio	0.60			
D. Asset to equity ratio	Total assets	91,842,336	1.60	1.48	1.47
	Divided by: Total equity	57,306,704			
	Asset to equity ratio	1.60			
E. Debt ratio	Total liabilities	34,535,632	0.38	0.32	0.32
	Divided by: Total assets	91,842,336			
	Debt ratio	0.38			

(Continued)

Shang Properties, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2024, 2023 and 2022
(All amounts in thousands of Philippine Peso)

Ratio	Formula		2024	2023	2022
F. Profitability ratios					
1. Return on assets (%)	Net income	9,971,725	10.93	8.17	5.9
	Divided by: Total assets	91,842,336			
	Return on assets (%)	10.86			
2. Return on equity (%)	Net income	9,971,725	17.40	12.09	8.68
	Divided by: Total equity	58,380,106			
	Return on equity (%)	17.40			
3. Net profit margin (%)	Net income	9,971,725	84.37	62.2	50.7
	Divided by: Total revenues	11,818,623			
	Net profit margin (%)	84.37			
G. Earnings per share (EPS) attributable to equity holders of Parent	Net income after minority interest	9,356,554	1.97	1.16	0.76
	Divided by: Total shares outstanding	4,761,918			
	EPS attributable to equity holders of Parent	1.97			
H. Book value per share (BPS) attributable to equity holders of Parent	Total equity after minority interest	51,232,558	10.76	9.31	8.43
	Divided by: Total shares outstanding	4,761,918			
	BPS attributable to equity holders of Parent	10.76			

Shang Properties, Inc. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Description of each issue	Number of shares	Amount shown in the Consolidated Statement of Financial Position	Value based on market quotations at statement date	Income (loss) received and accrued
Cash and cash equivalents*		3,170,640	3,170,640	271,828
Trade and other receivables**		7,709,620	7,709,620	-
Financial assets at fair value through profit or loss***		32,895	32,895	(2,510)
Refundable deposits****		74,549	74,549	-
Financial assets at fair value through other comprehensive income*****				
Quoted shares	8	81,350	81,350	17,300
Unquoted shares	298,516	765,418	765,418	-
		846,768	846,768	17,300
		11,835,472	11,835,472	286,618

See Note 3 to the Consolidated Financial Statements.
** See Note 5 to the Consolidated Financial Statements.
*** See Note 4 to the Consolidated Financial Statements.
**** See Notes 7 and 14 to the Consolidated Financial Statements.
***** See Note 11 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Deduction: Amount collected	Deduction: Amount written-off	Current	Non-current	Balance at end of period
Classic Elite Holdings Limited	1,144,188			(751,977)	-	392,211	392,211
One Shangri-la Place Condominium Corp	63,236	21,412	(15,168)	-	21,412	48,121	69,533
Shang Salcedo Place Condo. Corp.	87,654	10,310	-	-	10,310	87,654	97,964
EDSA Shangri-la Hotel & Resorts, Inc.	40,859	172,740	(173,607)	-	35,250	4,742	39,992
Makati Shangri-la Hotel	8,846	58	(41)	-	-	8,863	8,863
The St. Francis Shangri-la Place Condo. Corp	66,050	3,708	(2,383)	-	3,708	63,667	67,375
The Shang Grand Tower Condo. Corp.	36,172	9,451	(4,297)	-	8,438	32,888	41,326
Ideal Sites Property Inc.	7,019	4	-	-	-	7,023	7,023
Mactan Shangri-la Hotel	2,488	39,387	-	-	39,387	2,488	41,875
The Enterprise Centre Condo. Corp.	25,892	976	(9,979)	-	976	15,913	16,889
Shang Robinsons Properties, Inc.	2,371,098	1,484,206	(1,853,010)	-	2,140	2,000,154	2,002,294
Others	(2,438,492)	1,291,710	(38,886)	-	336	(1,186,003)	(1,185,667)
	1,415,010	3,033,962	(2,097,371)	(751,977)	121,957	1,477,721	1,599,678

See Notes 5 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule C - Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Shang Properties, Inc.	15,126,096	7,415,573	2,336,533	-	7,415,573	12,789,563	20,205,136
Shangri-la Plaza Corp.	522,640	30,428	30,347	-	522,721	-	522,721
Shang Property management Services, Inc.	125,104	74,736	13,396		69,640	116,804	186,444
Shang Properties Realty Corporation	169,484	201,005	195,084	-	74,366	101,039	175,405
SPI Parking Services, Inc.	-	-	-	-	-	-	-
KSA Realty Corporation	4,689	31,227	32,967		2,949	-	2,949
Shang Property Developers, Inc.	2,252,763	61			2,252,824		2,252,824
Silver Hero from SPDI	2,317,500	-	-	-	-	2,317,500	2,317,500
The Rise Development Company, Inc.	297,631	46,056	130,770	-	46,098	166,819	212,917
New Contour Realty Inc.	4,028	-	-	-	4,028	-	4,028
Shang Global City Properties, Inc.	3,530	1,172	-	-	4,702	-	4,702
Shang Wack Wack Properties, Inc.	29,942	52,060	-	-	82,002	-	82,002
Perfect Sites Inc.	143,109	18,000	-	-	18,000	143,109	161,109
KPPI Realty Corporation	4	-	-	-	4	-	4
SPI LDI	5,712	13,908	623	-	18,997	-	18,997
SPI PDI	30,560	30,614	31,364	-	29,810	-	29,810
SPI PHI	1,544	7,759	2,156	-	7,147	-	7,147
	21,034,336	7,922,899	2,773,240	-	10,548,861	15,634,834	26,183,695

See Note 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position	Amount shown under caption "Long-term debt" in related Statement of Financial Position
BPI Long Term Loan	15,000,000	-	7,040,000
BPI Short Term Loan Line	7,500,000	2,423,000	-
BPI Revolving PN Line		5,160,000	-
BDO Short Term Credit Line	5,000,000	3,472,000	-
PNB Revolving PN Line	2,000,000	-	-
	29,500,000	11,055,000	7,040,000

Shang Properties, Inc. and Subsidiaries

Schedule E - Indebtedness to Related Parties
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
Shangri-La International Hotel Management Limited	34,533	20,783
St. Francis Shangri-La place Condo. Corp.	317	277
The Enterprise Center condo. Corp	13,800	14,701
Others	33,239	140,521
	81,889	176,282

See Notes 15 and 27 to the Consolidated Financial Statements.

Shang Properties, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Name of issuing entity of securities guaranteed by the Company for which statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by the company for which statement is filed	Nature of guarantee
Not applicable				

Shang Properties, Inc. and Subsidiaries

Schedule G - Share Capital
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Title of issue	Number of shares authorized	Number of Shares issued and outstanding as shown under related Statement of Financial Position	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by related parties	Number of shares held by directors, officers, and employees	Others
Issued shares:						
Common shares	8,000,000	4,764,059	-	-	-	-
Outstanding shares:						
Common shares	-	4,764,059	-	3,114,014	4,053	1,645,989
Total		4,764,059	-	3,114,014	4,053	1,645,989

See Note 18 to the Consolidated Financial Statements.

Shang Properties, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Unappropriated Retained Earnings, beginning of the year/period[i]		11,534,524
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	1,379,674	
Retained earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	890,855	
Others (describe nature)	-	2,270,529
Unappropriated Retained Earnings, as adjusted		9,263,995
Add/Less: Net Income (loss) for the current year/period		7,270,273
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	2,526,569	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property, net of tax	3,562,814	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	6,089,383

(continued)

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	-	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	-	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to- market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-
Adjusted net income		1,180,890
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP[ii]		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	-

(continued)

Add/Less:	Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
	Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
	Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-	
	Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
	Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
	Others (describe nature)	-	-
Total Retained Earnings, end of the year/period available for dividend declaration[iii]			**10,444,884**

[i] Unappropriated Retained Earnings, beginning of year/period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding year/period.

[ii] Adjustments related to the relief provided by the SEC and BSP pertain to accounting relief (e.g. losses that are reported on a staggered basis) granted by regulators. However, these are actual losses sustained by the Company and must be adjusted in the reconciliation to reflect the actual distributable amount.

[iii] This Reconciliation of Retained Earnings Available for Dividend Declaration is pursuant to Sec. 42 of the Revised Corporation Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT companies as a basis to determine the amount of its distributable income or dividends to its shareholders. The determination of its distributable income should be in accordance with the REIT Act and its Implementing Rules and Regulations.

2024 ANNUAL REPORT

SHANG
PROPERTIES

CONTENTS

VISION

Shang Properties is committed to be the leading developer and manager of prime properties in the Philippines

MISSION

Leading through product innovation

Delighting with excellent service

Fostering fair treatment and mutual respect

Empowering people to attain their full potential

Upholding good corporate citizenship

CORE VALUES

Service

Honesty

Asian

Nobility

Global

MESSAGE TO OUR SHAREHOLDERS

Dear Shareholders,

I am happy to report that 2024 was another successful year for Shang Properties Inc. (SPI). Despite various global challenges, we remained steadfast in our mission to develop world-class properties that elevate urban living in the Philippines. Our strong financial performance, strategic expansion and commitment to sustainability have together kept us well positioned for long-term success.

Financial Performance

SPI delivered strong results in 2024, reflecting growing demand for our developments in the luxury and premium markets. Revenue growth was driven across all business segments, with residential sales reaping the benefit of successful pre-sales, on-time project completions and healthy rental revenue. Profitability remained robust, supported by disciplined cost-management measures and operational efficiency.

Total group revenue in 2024 was P11.8 billion (2023: P9.8 billion), representing an 20% increment year-on-year. Property Sales revenue rose to P4.6 billion (2023: P3.1 billion), an increase of 48% year-on-year. Leasing rental revenues from malls and offices increased to P2.7 billion (2023: P2.5 billion), equivalent to an 8% increase.

Profit after tax in 2024 was P9.4 billion in 2024 (2023: P5.5 billion), representing a 71% increase from 2023. Excluding the non-cash adjustment from investment properties valuation gain, the group recorded a P6.0 billion underlying profit (2023: P5.5 billion) representing a 9% increase year-on-year.

Strategic Expansion and Notable Developments

Previous strategic land acquisitions bore fruit in 2024 with the launch of two landmark projects cementing our presence in new key cities.

The 80-storey **Shang Summit** in Quezon City, which we began pre-selling in July, will be the tallest residential building in the Philippines. With two towers comprising close to 1,900 units, it will exemplify luxury living with fine contemporary design, state-of-the-art amenities and convenient access to major urban hubs. This entry to the Quezon City market represents our commitment to expansion within new areas of Metro Manila.

Shang Bauhinia Residences will be a prestigious residential community blending modern elegance with Cebu's renowned cultural heritage. The project will be the first of its kind, with two types of development within one building. We have already introduced the signature units, being the more exclusive living spaces.

We also marked a milestone last October in handing over **Shang Residences at Wack Wack**, delivering premium living spaces to our valued homeowners.

With the successful launches of these two new projects and with promising sales across our existing projects, we have also strategically acquired parcels of land to secure steady supply for future years. SPI has acquired 100% ownership of a company that owns a parcel of land in Barangay Wack-Wack in Mandaluyong and look forward to developing this into another premium development in the future.

Residential

Our residential business segment continues to be a major contributor, with close to 40% in gross revenue coming from this segment. We have been resilient and adaptive to the changing market landscape by offering projects and schemes to best serve our clients.

Total contracted sales for the year amounted to P19.8 billion, an increase of 36% from 2023. Our new launches, together with our existing portfolio of **Shang Residences at Wack Wack, Laya by Shang Properties, Aurelia Residences, Haraya Residences** and **The Rise Makati** resulted in favourable sales for the year.

Recurring Income and Commercial Leasing

Our commercial leasing portfolio and hospitality operations comprised 60% of gross revenue for the year, with our office and retail spaces also preforming well.

The Enterprise Center in Makati maintains steady occupancy rates driven by resilient demand for premium office space in the central business district.

Shangri-La Plaza continues to solidify its position as a premier lifestyle and shopping destination. The major renovation of Streetscape, a mall strip dedicated to restaurants, was completed in 2024, with a fresher look and a variety of exciting new food outlets. The mall continues to attract a diverse mix of tenants and shoppers with occupancy rates significantly improving as the market reverts to the traditional retail experience.

Assembly Grounds continues to thrive as a vibrant community hub, offering a dynamic retail and dining experience.

Shangri-La at the Fort, Manila – of which SPI owns 60% – generated P4.5 billion in revenues, an increase of 8% over the previous year. Hotel operations remained resilient and adaptive, with refinement of services and offerings for guests and visitors.

Commitment to Sustainability and Innovation

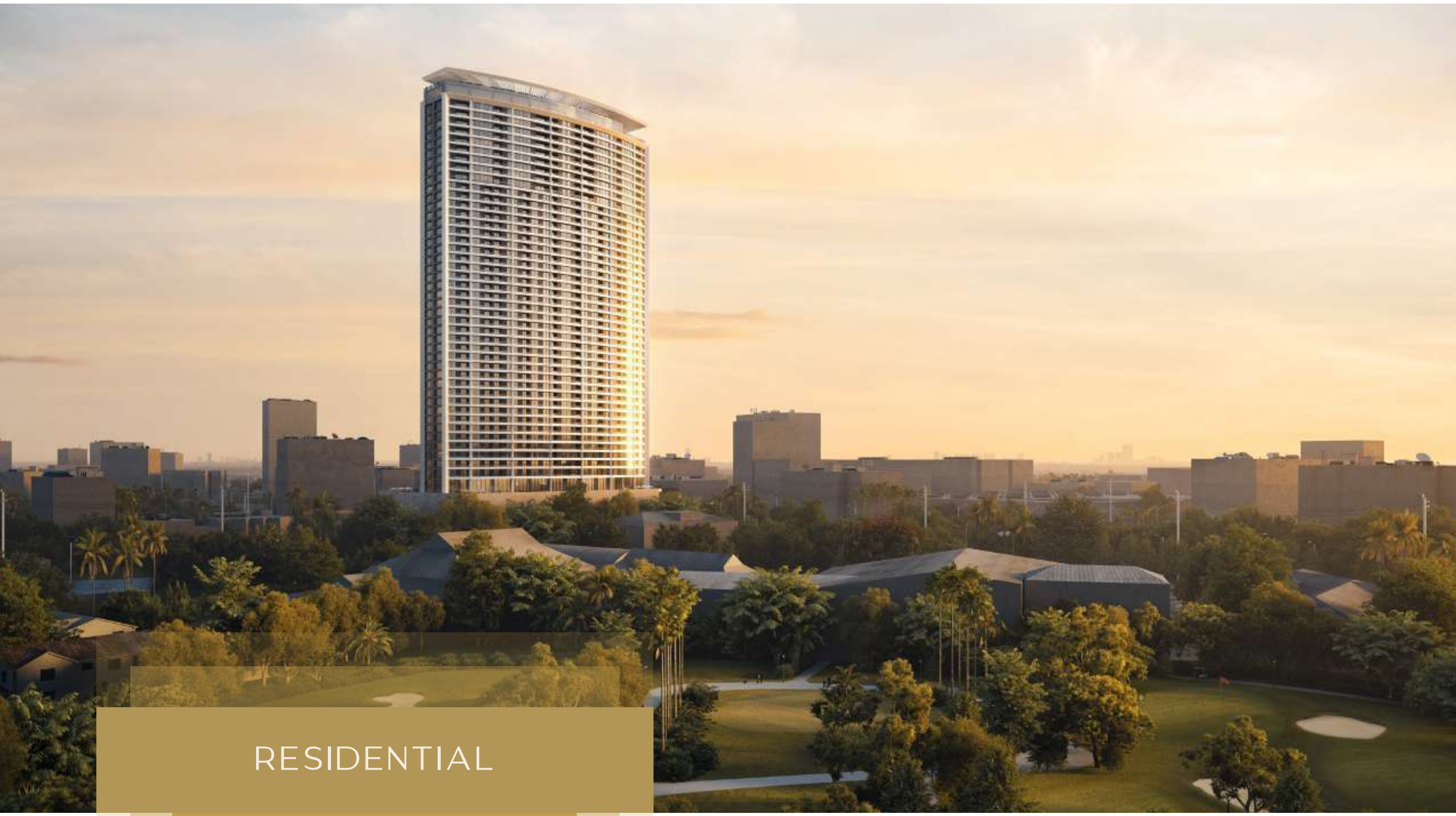
Sustainability remains a vital consideration in our development strategy. In 2024, we continued to integrate green building initiatives across new projects that focus on energy efficiency, sustainable materials and eco-friendly construction practices.

Looking Forward

We remain optimistic about the national real estate market and with substantial new developments in the pipeline, we are in a strong position for growth and value creation.

I would like to thank the Board of Directors for their steadfast support and guidance over the years which has allowed us to expand with confidence, as well as everyone at SPI for their commitment and hard work to deliver the results of 2024 – thank you!

Edward Kuok Khoon Loong
Chairman



RESIDENTIAL

SHANG BAUHINIA RESIDENCES

Shang Bauhinia Residences is set to redefine Cebu City's skyline. Situated within the lush and beautifully-landscaped Bauhinia Drive, with proximity to schools, restaurants, parks, healthcare facilities, and the exclusive Cebu Country Club, this residential development provides a unique balance of timeless elegance and convenience in the city's most coveted neighborhood.

Artist render of three-bedroom signature unit's living room


Artist render of the sky pool

Top firms collaborated to bring this architectural marvel to life. Recognizing that luxury must harmonize with its surroundings, Shang Bauhinia Residences is meticulously designed to reflect Cebu's elegance and blend seamlessly with its urban setting.

Shang Bauhinia Residences aims to accommodate a diverse set of homeowners with its pioneering dual-residence concept, with a key distinction between its typical units and the "Shang Bauhinia Signature" units. The typical units, including studios, one-, and two-bedroom configurations, provide residents with well-appointed homes and intimate luxury.
The Signature units represent an elevated level of luxury. These larger and more spacious two- and three-bedroom units are aptly situated on the upper floors.

Amenities are stylishly done, emphasizing Shang's international renown as a hospitality brand.
The Clubhouse, an expansive 4,015 sqm amenities hub is open to all residents and features an array of social and wellness facilities.

The Signature units enjoy access to both The Clubhouse and The Sky Lounge, an intimate 1,105 sqm amenities space located on the rooftop that includes a sky pool, gym, sauna, and entertainment venues.

Shang Bauhinia Residences was launched in October 2024. The construction of the foundation system, including bored piles and diaphragm walls are ongoing. As of December 31, 2024, 122 units have been sold with a total sales revenue of PhP3.1 billion.

Please scan the code to view Shang Bauhinia Residences website

RESIDENTIAL

SHANG SUMMIT

Shang Summit is a prestigious new development by Shang Properties Inc. launched in July 2024. Rising to record-setting heights, the dual towers are designed by world-renowned architects and designers P&T Group, CASAS + Architects, and FM Architettura.

Located in the quiet enclave of South Triangle, Quezon City, Shang Summit offers a balance of privacy and convenience, allowing residents to enjoy a relaxed living environment while remaining connected to the city's dynamic urban landscape. The strategic location of Shang Summit places residents in proximity to a variety of key destinations. The area is known for its eclectic mix of dining options, cafes, and entertainment venues. Essential establishments such as schools, hospitals, and shopping malls are also easily accessible.

The first of the two towers to be constructed, the East Tower features 1,020 residences with panoramic city views and rising 250 meters in height, making it the tallest residential development to date in the Philippines. Each unit has an expansive floor plan featuring a combination of classic and modern interiors, delivering a familiar sense of ease and comfort.

Shang Summit offers luxury amenities that are carefully designed for residents of all ages, fostering a strong sense of community and catering to diverse lifestyles. The Summit Gallery and The Summit Lounge offers elegant indoor spaces perfect for social and celebratory gatherings. The Alcove offers quiet spaces for work and study. The Yard, which features one of the most comprehensive indoor and outdoor recreation spaces in the metro, comprises multiple themed zones, playground facilities, and plenty of space for the whole family to bond. With offerings like these, alongside amenities such as the tropical swimming pool, fitness center, and extensive play areas, Shang Summit truly provides an oasis for the modern family.

Designed with modern families in mind, Shang Summit is an ideal place for people to call home. As of December 31, 2024, 205 units have been sold amounting to PhP4.3 billion in sales revenue.

Please scan the code to view Shang Summit website


Artist render of The Summit Lounge


Artist render of two-bedroom unit's living room

Artist render of one-bedroom unit's living room

RESIDENTIAL

LAYA BY SHANG PROPERTIES

Laya by Shang Properties is both a home and community for the creative and connected. Located in Pasig City, Laya places residents in proximity to Ortigas Center and provides easy access to Bonifacio Global City (BGC). The surrounding neighborhood offers a seamless connection between work, play, and relaxation. Schools, shopping malls, restaurants, medical institutions, and open spaces are conveniently located nearby.

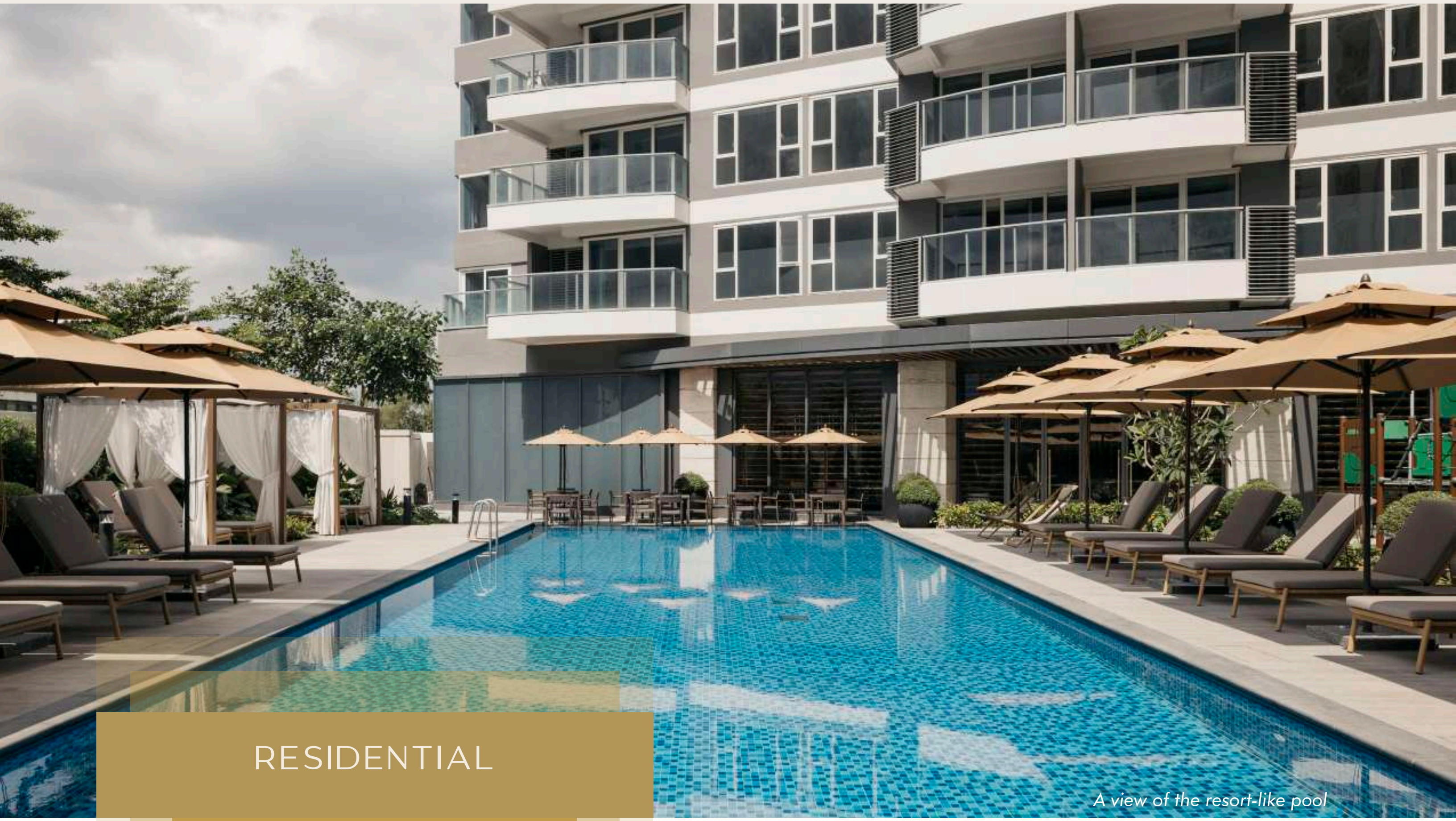
The residences are meticulously designed to maximize natural light and ventilation, redefining urban living through a harmonious blend of space and comfort. Home to 1,238 residential units ranging from studio, one-, two-, to three-bedroom units, Laya is more than just a home but a place to grow and thrive.

Artist render of one-bedroom unit

Laya offers over 2,934 sqm of world-class amenities designed with young professionals and expanding families in mind. These include fully-equipped fitness & yoga studios, an outdoor pool & children's pool, a private screening room, an expansive children's playground, a full suite of workspaces, function rooms, lounges, and meeting areas featuring beautifully-curated interiors reflecting the signature style of Shang developments.

The residential tower's structural works are ongoing and expected for completion by 2028. As of December 31, 2024, 285 units have been sold with a total sales revenue of PhP3.6 billion.

Please scan the code to view Laya by Shang Properties website



RESIDENTIAL

A view of the resort-like pool

SHANG RESIDENCES AT WACK WACK

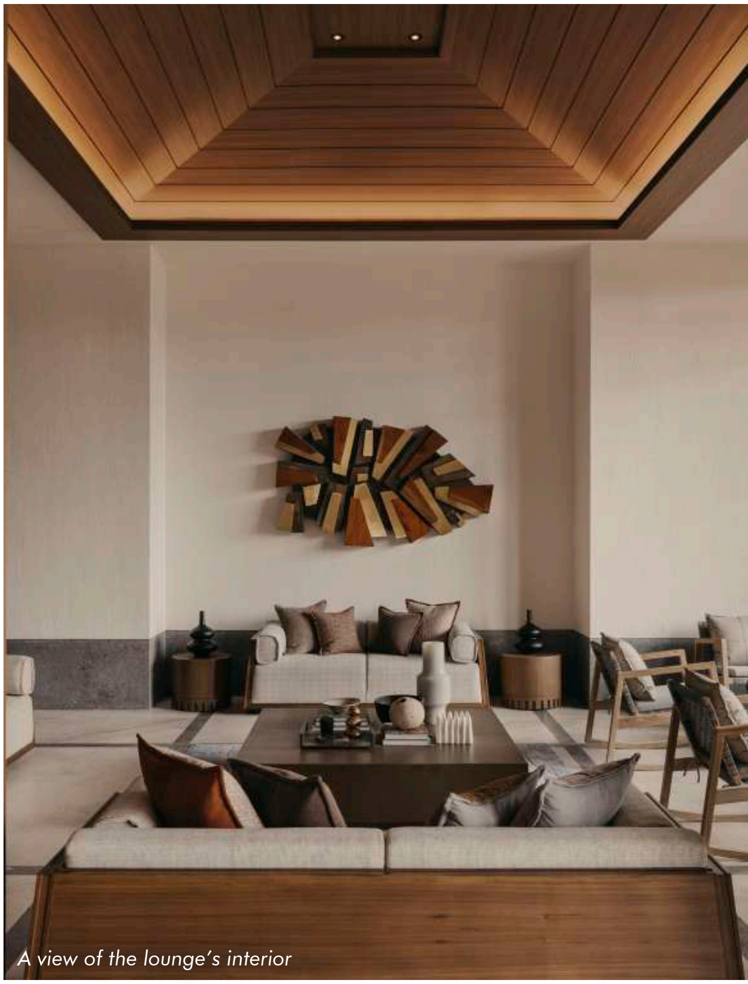
Shang Residences at Wack Wack offers an exclusive, resort-inspired living experience in Mandaluyong City. Conveniently located near major business districts, top-tier schools, hospitals, and overlooking the lush greens of the Wack Wack Golf and Country Club, this prestigious development provides a unique blend of tranquility and accessibility.

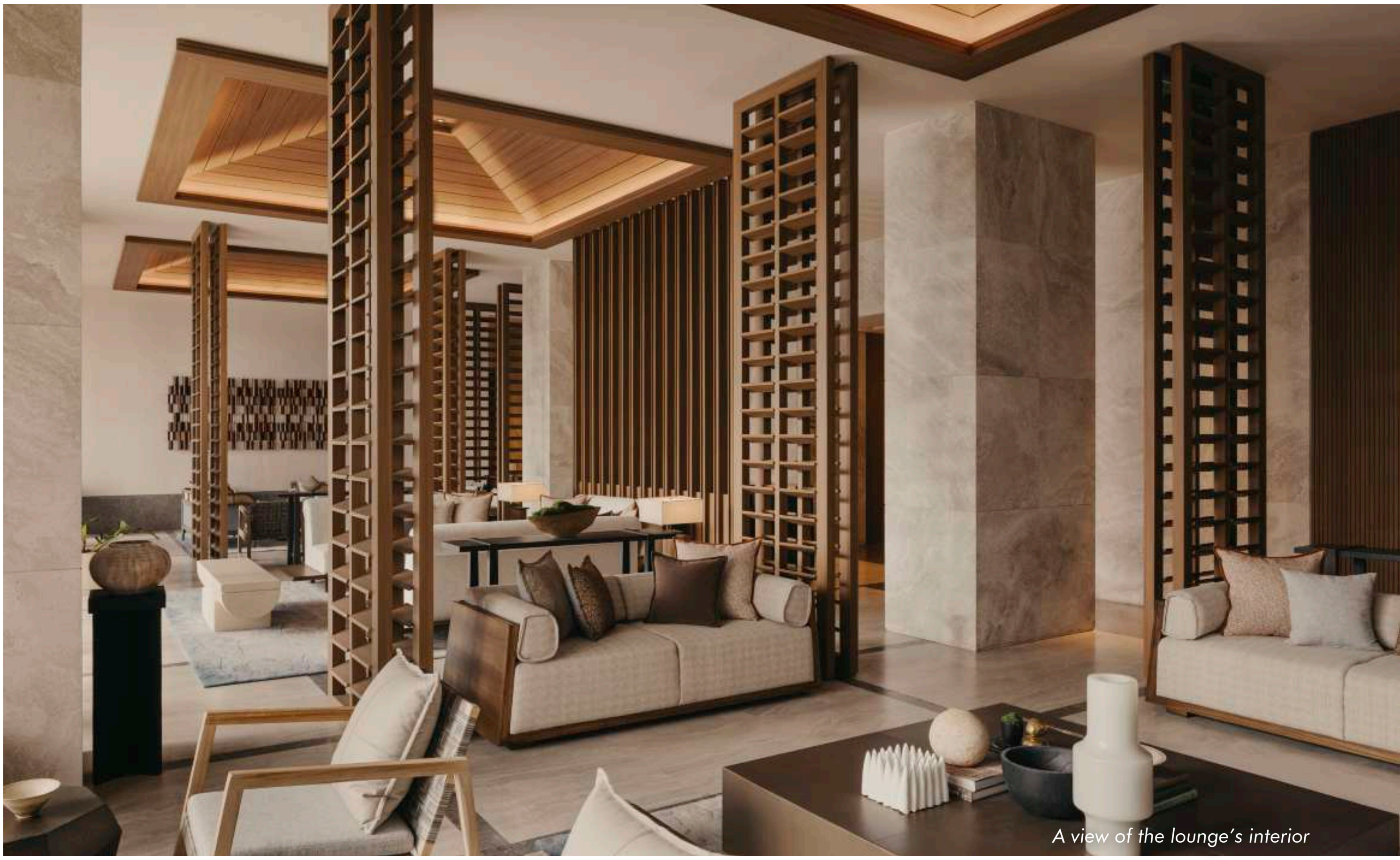
The residences feature thoughtfully designed spaces, with expansive windows and balconies that showcase the stunning views. Interiors are crafted with a focus on elegance and comfort, incorporating high-quality materials and finishes.

Residents can enjoy a comprehensive range of world-class amenities, including a resort-like pool, a fully equipped gym, a multi-purpose exercise room, steam & sauna rooms, function rooms, a mini-theater, and beautifully-tended garden areas. The development's emphasis on wellness and relaxation creates a serene atmosphere, making it a perfect sanctuary in the city.

The 50-storey condominium tower offers 404 units, composed of one-, two-, and three-bedroom suites. SPI started the handover of units in October 2024. As of December 31, 2024, 333 units have been sold, bringing in a total sales revenue of PhP11.8 billion.

Please scan the code to view Shang Residences at Wack Wack website


A view of the lounge's interior


A view of the lounge's interior

RESIDENTIAL

HARAYA RESIDENCES

Haraya Residences is a vertical gated village that reimagines contemporary living. Located at the heart of Bridgetowne Destination Estate in Pasig City, Haraya Residences offers proximity to educational institutions, medical facilities, shopping malls, business centers and other residential developments.

Each suite features an Italian-inspired *"loggia,"* an extension of one's home that offers a seamless transition from interior to exterior spaces. The bedroom suites are designed to make the spaces feel bright and airy in addition to having a flexible layout that expands the very notion of a home.

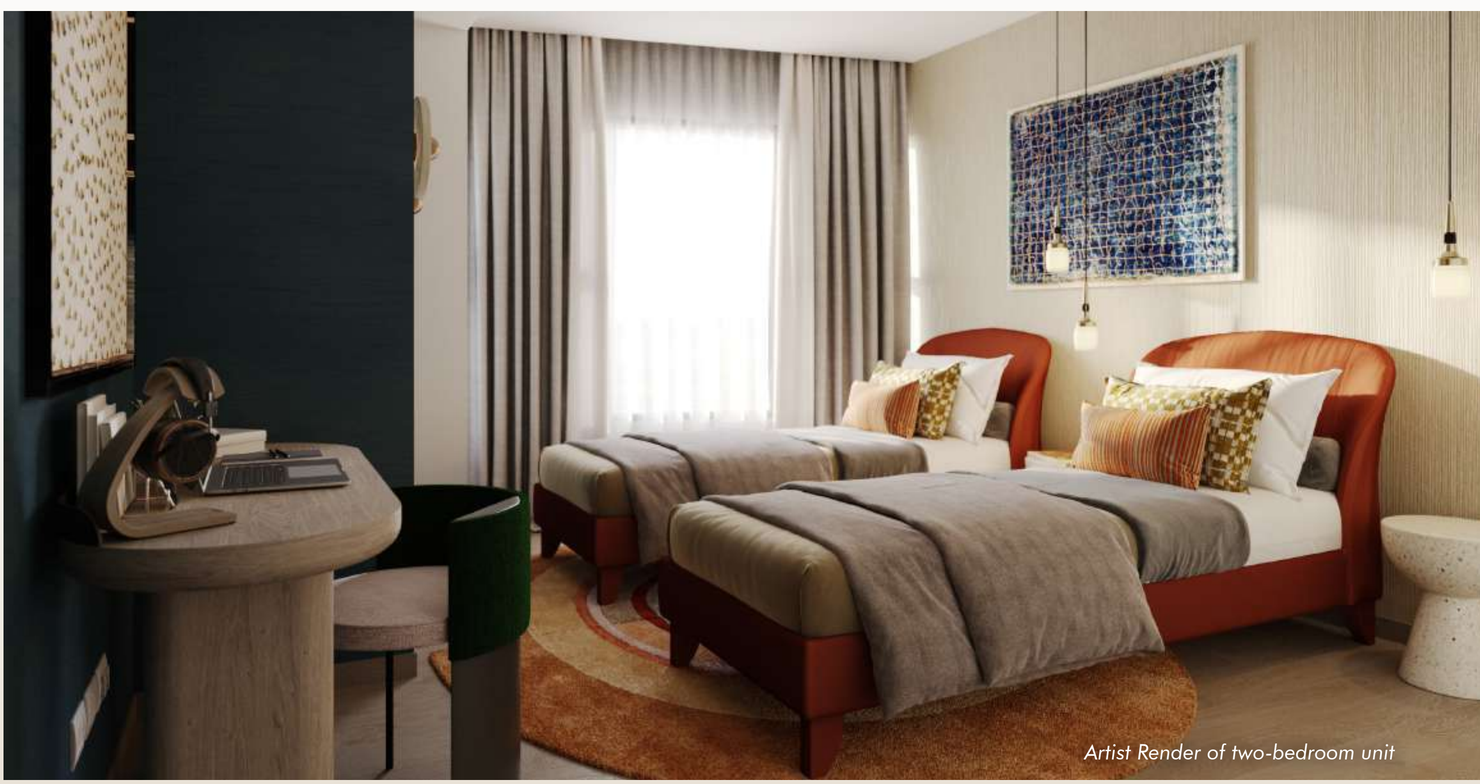
The outdoor amenities offer over 2,500 square meters of outdoor space where family and friends can unwind and reconnect. These include: Tropical Pool, Kiddie Pool, Jacuzzi, Children's Play Areas, and Garden Areas. It is where privacy, community, and landscaping come together to create a vibrant experience.

Artist Render of The Lounge's interior

The interiors are thoughtfully designed to bring in natural light, while the organic, curvilinear walls create a soft and inviting vibe that makes for a perfect intimate gathering spot for both family and friends alike. Indoor amenities include: The Veranda (Indoor and Al fresco), The Tea Room, The Studio, The Playroom, The Library, The Lounge, The Chef's Kitchen, The Lobby Lounge, The Game Room, The Viewing Room, The Gym, Changing Rooms, and Sauna.

The second project of Shang Robinsons Properties, Inc., (SRPI), a joint venture company of Shang Properties, Inc. (SPI) and Robinsons Land Corporation (RLC), Haraya Residences is a two-tower prime development offering a collection of 558 homes in the South Tower and 362 homes in the North Tower. Structural works for the two towers are also ongoing and SRPI aims to complete the project in 2028. As of December 31, 2024, 400 units have been sold amounting to PhP12.1 billion in sales revenue.

Please scan the code to view Haraya Residences website



Artist Render of two-bedroom unit

RESIDENTIAL

AURELIA RESIDENCES

Aurelia Residences is an ideal location for an unprecedented sense of balance in one's evolving style of living. This ultra-luxury development celebrated its Topping Off Ceremony in January 2024. With construction progressing smoothly, Aurelia Residences will soon be a coveted address that offers unparalleled spaces and meticulously curated suites.

Despite its proximity to entertainment destinations, business centers, and the vibrant nightlife of Bonifacio Global City (BGC), Aurelia Residences offers a sophisticated and elegant retreat from the city's hustle and bustle.

Aurelia Residences offers 285 bespoke three- to four- bedroom suites inspired by the Italian ideal of *"sprezzatura,"* which means an effortless and understated classic elegance.

Artist Render of the al fresco

Artist Render of the 40-meter pool

Residents can enjoy the world-class amenities that the development has to offer, which includes a 40-meter pool, The Canopy Room, Kids' Play Areas, gym, home theater, and exquisitely furnished lounges situated throughout the wings and amenities floors.

Aurelia Residences is the premiere project of Shang Robinsons Properties, Inc., (SRPI) a joint venture company of Shang Properties, Inc. (SPI) and Robinsons Land Corporation (RLC). As of December 31, 2024, 255 units have been sold with a total sales revenue of PhP33 billion.

Please scan the code to view Aurelia Resicendes website

Artist Render of three-bedroom signature unit

MALL & RETAIL

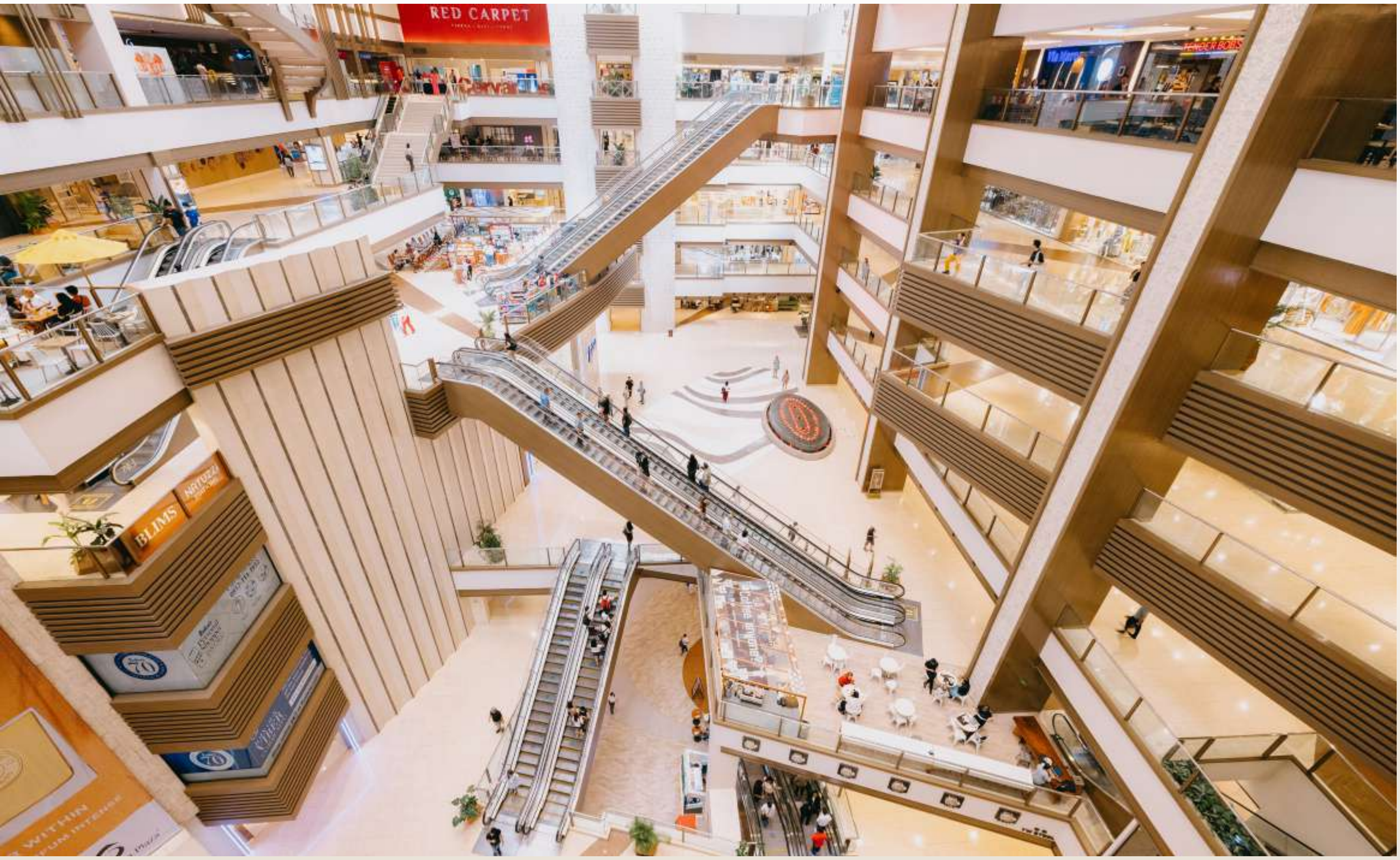
SHANGRI-LA PLAZA

Evergreen and Ever Evolving: Shangri-La Plaza's 2024 Milestones

As a stalwart in the Philippine retail scene, Shangri-La Plaza continues to stand the test of time—consistently evolving while preserving its signature elegance and sophistication. This year, the iconic mall strengthens its commitment to innovation and excellence with strategic developments that breathe new life into the Shang experience.

Culinary Excellence: Expanding the Shang Dining Experience

A key highlight for the year was the expansion of Shangri-La Plaza's dining portfolio, reinforcing its reputation as a culinary destination. The introduction of Bistro Lane at the East Wing's 4th floor brought in exciting restaurant concepts through a strategic partnership with The Bistro Group. Global and local favorites like Secret Recipe, Olive Garden, and Siklab now enhance the lifestyle offerings of the floor, seamlessly integrating dining with wellness and entertainment.



Meanwhile, Streetscape—Shangri-La Plaza's signature al fresco precinct—was officially relaunched with a striking new look and an elevated tenant mix. Drawing inspiration from the warmth and charm of Filipino heritage streets, the redesigned space now features cobblestone paths, intimate pockets of green, vibrant storefronts, ambient music, and breezy outdoor seating that together create a charming, relaxed atmosphere. Streetscape is now home to a curated collection of top-tier dining brands, including inventive Filipino fare from Manam and Refinery's redefined comfort food. Global flavors take center stage with award-winning Italian at A Mano, the French-American flair of Wildflour, and American staples from LongHorn. Asian culinary artistry shines with the modern izakaya Nikkei Sakagura, Thai-Asian fusion from Ginger Lily, and the bold flavors of Red Lotus. Chef-driven concepts such as Sala Martinez and Juniper by Josh Boutwood add sophistication, while everyday favorites like The Wholesome Table and Harlan + Holden Coffee round out the experience. This reinvigorated precinct has quickly become a go-to destination for every occasion—from power brunches to late-night dinners—delivering the elevated experience expected of Shang.

Nurturing the Next Generation of Retail Partners

In 2024, Shangri-La Plaza also strengthened its relationships with its tenant community through meaningful engagements. A standout initiative was the Tenant Appreciation Night held in February, a celebration of legacy and innovation. The event honored both long-time partners and emerging leaders in retail, including Cristalle Belo-Pit of Belo Medical Clinic, Von Yao of Owndays, Rajiv Mirano of Parfois, Vania Romoff, and Toby Claudio Jr. of Toby's Sports. It was a reaffirmation of Shang's role not only as a landlord, but as a collaborative partner invested in the sustained growth and evolution of its retail family. This gathering underscored the Plaza's belief in empowering the new guard while honoring the traditions and excellence of the past.

Staying Relevant Through Arts, Culture, and Celebration

Beyond retail and dining, Shangri-La Plaza continues to distinguish itself as a cultural beacon. In 2024, the mall mounted a robust calendar of events that brought people together around passion, creativity, and shared experiences. From lifestyle-driven showcases like Coffee Culture, Wine Fair, and Puso in Paris, to the crowd-favorite Hallyuniverse, the Plaza demonstrated its ability to tap into evolving interests across generations. The year was also marked by 13 international film festivals, headlined by the much-awaited Studio Ghibli showcase, and the return of Ballet Manila with Snow White—cementing Shang's place as the home of arts and culture in the metro.

Through all its endeavors in 2024, Shangri-La Plaza proved its resilience and relevance—evergreen in spirit yet constantly innovating. It continues to shape experiences that matter, forge partnerships that endure, and create spaces that inspire. With every milestone, the Plaza builds upon its legacy while looking boldly toward the future—always, Inspired by Shang.

MALL & RETAIL

ASSEMBLY GROUNDS AT THE RISE

In 2024, Assembly Grounds at The Rise continued to grow as a retail community hub within the heart of North Makati. Nestled within The Rise Makati, the space reflects Shang Properties Inc.'s commitment to creating intuitive, curated environments that elevate the everyday. Assembly Grounds positions itself as a dynamic yet intimate lifestyle destination within Makati—offering the charm of a thoughtfully arranged, community-centric space that brings people together over good food, everyday essentials, and meaningful encounters.

With an impressive 92.5% occupancy rate and a mix of over 35 well-curated tenants, Assembly Grounds provided residents and professionals with a seamless blend of essentials, dining, wellness, and experiences. This year, the opening of Bakmi Nyonya Table—its first full-service restaurant in the Philippines—brought the warmth and authenticity of Indonesian cuisine to the forefront.

Adding to this vibrant mix were the introductions of Zus' Coffee, a rising local favorite for specialty brews; Croft Bulk Foods, which delivered a sustainable and conscious approach to grocery shopping; and Hundreds of Flavors, a modern Chinese restaurant serving comforting, shareable dishes that quickly became a go-to spot for casual group dining.

Assembly Grounds at The Rise also continued to build relevance within its community through thematic events that bring people together—especially during key seasons and occasions. On the digital front, it recently refreshed its social media presence with more engaging content and purposeful KOL collaborations, strengthening its visibility and connection with the audience.

Elevating the community experience further, Breakout Philippines opened its doors to thrill-seekers and puzzle lovers, offering immersive escape room challenges that added a distinctive, interactive dimension to the mall's recreational offerings.

By the end of 2024, Assembly Grounds at The Rise had firmly established its identity as more than just a retail podium—it became a heartfelt community hub that enriches everyday life.

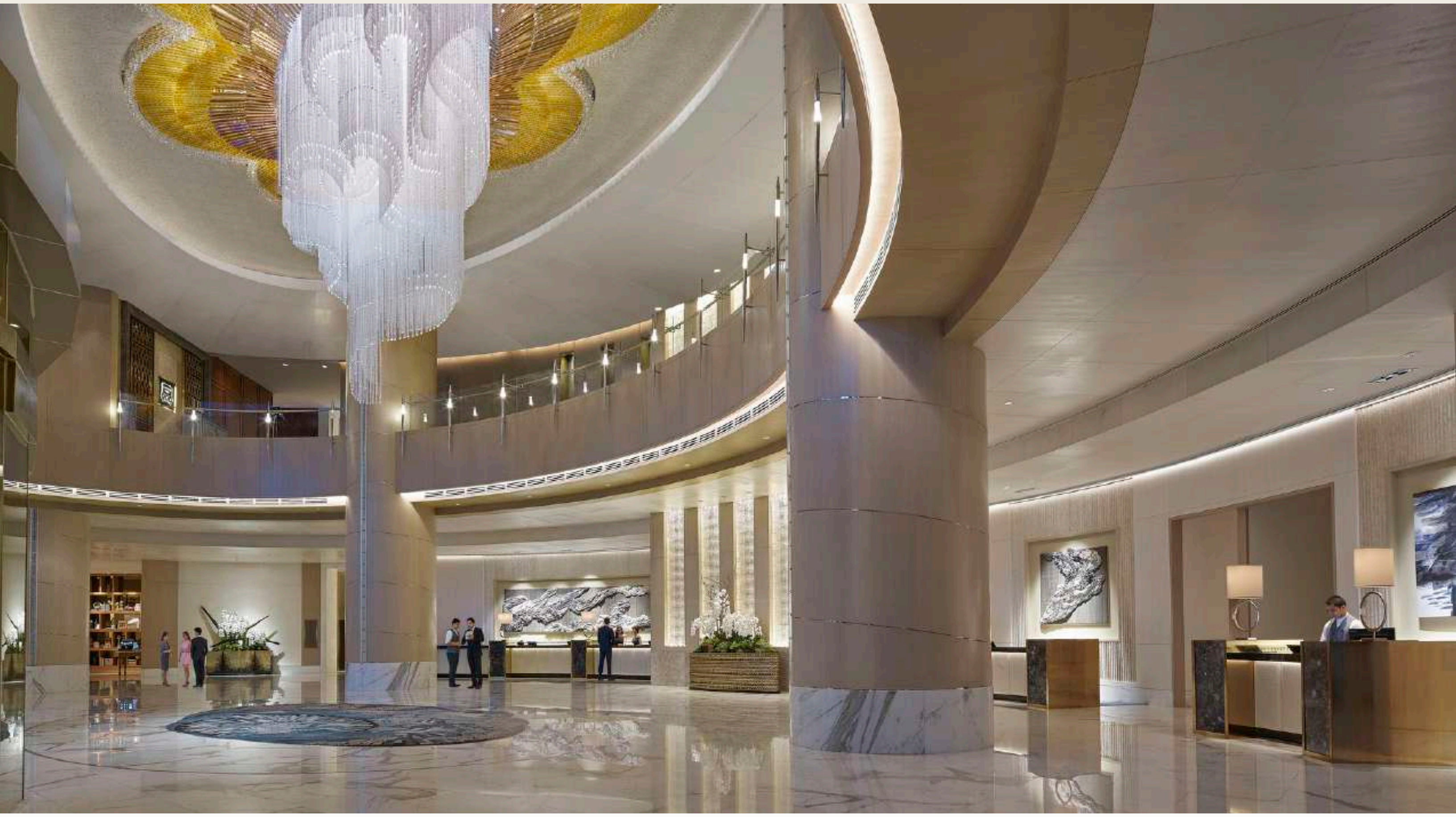
OFFICE LEASING

THE ENTERPRISE CENTER

2024 was a year of growth and resilience for The Enterprise Center. While the focus was on increasing occupancy and revenue, the building also navigated market shifts. Despite these challenges, leasing performance remained strong, driven by new tenant signings across key sectors such as industry specific services, banking, and other financial institutions.

These acquisitions reinforced the building's strong position in the prime market and demonstrated sustained demand. New leases secured toward the end of the year further boosted profitability, bringing total revenue to PhP913.3 million—an increase of PhP9.2 million from the previous year.

Key upgrades to building services and facilities enhanced the tenant experience and helped sustain growth momentum into 2025. With a strategic leasing approach and an unwavering commitment to quality, The Enterprise Center continues to set new benchmarks as a premier business address.



HOTEL

SHANGRI-LA THE FORT MANILA

A Record-Breaking Year at Shangri-La The Fort, Manila

In 2024, Shangri-La The Fort, Manila redefined excellence, setting new records in revenue and achieving outstanding year-end occupancy. More than just a hotel, it has solidified its place as the home for VIPs, global leaders, and the city's most prestigious events.

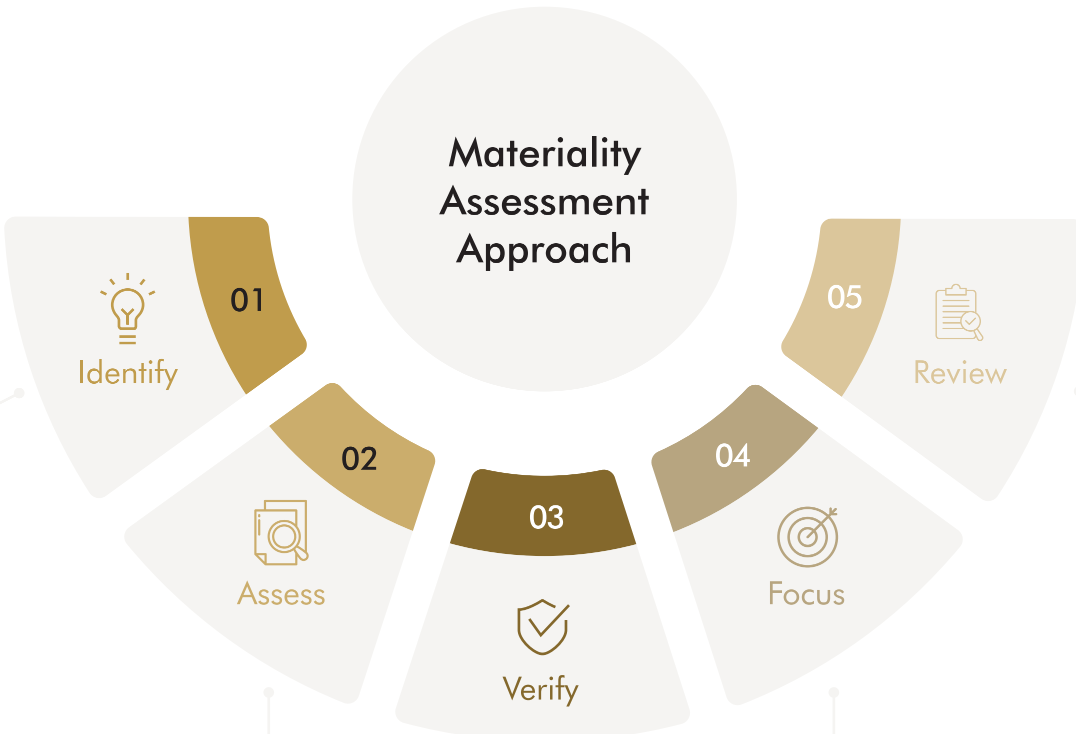
With its unmatched location, world-class service, and dynamic energy, the hotel remains where the city comes alive — welcoming industry leaders, innovators, and trendsetters who drive progress and shape the future.

At the core of this success is a team whose passion and dedication continue to elevate every experience. Their relentless pursuit of innovation and excellence ensures that Shangri-La The Fort remains a beacon of vibrancy, inspiration, and possibility.

A view of Shangri-La The Fort's High Street Cafe

MATERIALITY PROCESS

Shang Properties, Inc. (SPI) maintains a straightforward materiality process for identifying and prioritizing our most significant topics. This process is annually reviewed by SPI's Sustainability Core Team in order to align with evolving regulations, industry trends, and business developments. Any changes to our existing process are correspondingly reviewed and approved by our Board of Directors.



Material topics are identified based on activities that are vital to the operations of Shang Properties, Inc. as a Holding Company operating different businesses.

The identified topics are evaluated and prioritized based on what we interpret as significant and impactful to our stakeholders and to our Company.

Material topics are consulted with and approved by the Board of Directors to ensure their alignment with the Group's Mission and Vision.

Based on the agreed material topics, management actions are identified and incorporated into the business plan.

Our Company's performance with respect to the material topics (also known as our "Core Drivers") are subjected to regular review by the Board.

Figure 1 Materiality Assessment Approach

SUSTAINABILITY FRAMEWORK

Our materiality assessment process allows us to identify the key drivers that significantly shape our sustainability framework. For FY 2024, we have retained our existing topics into our framework. We recognize that these topics continue to be relevant to our organization, especially with the absence of major operational shifts across all our business activities.

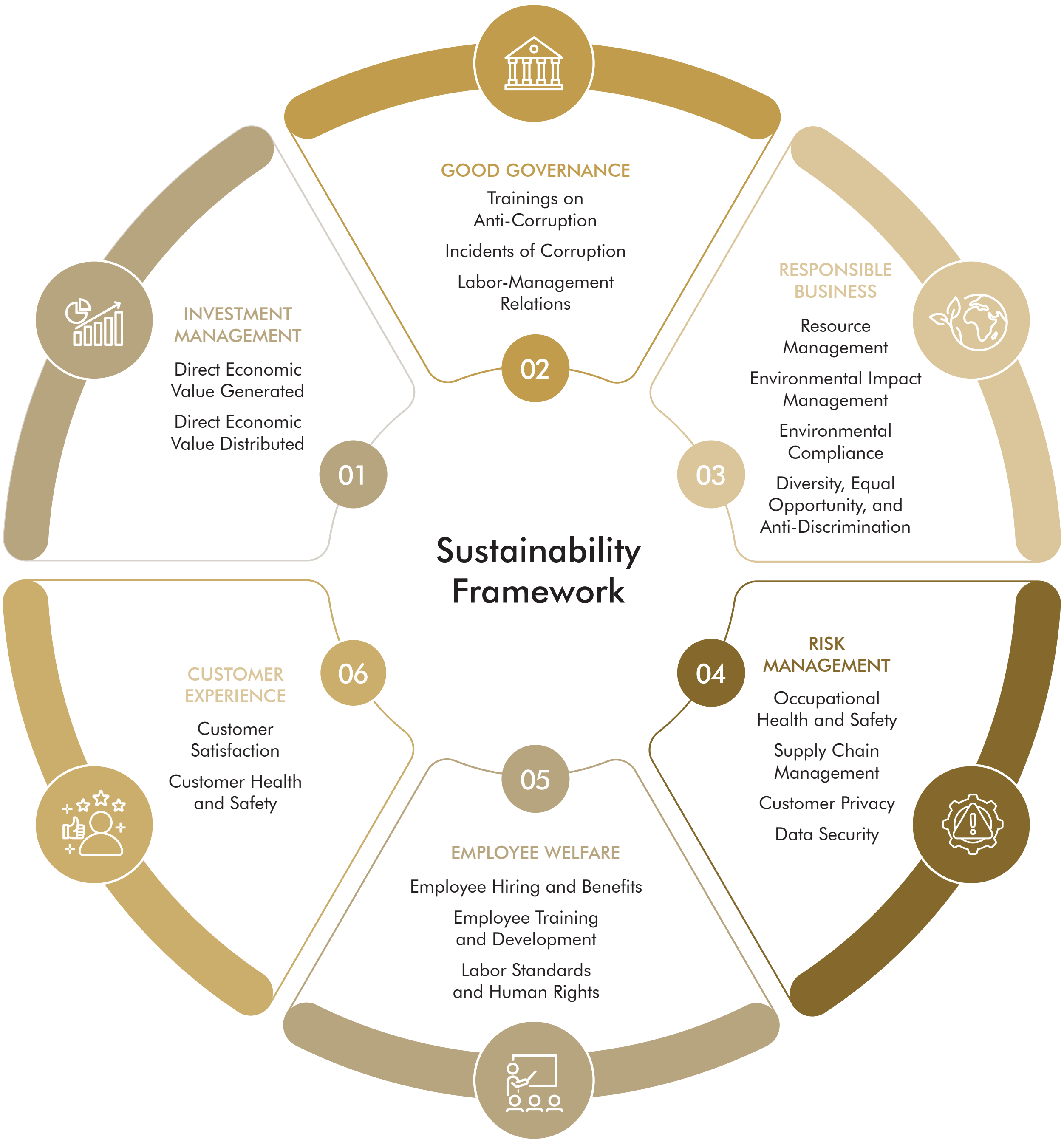


Figure 2 SPI Core Drivers

STAKEHOLDER ENGAGEMENT

Our Company understands that stakeholder engagement is essential to aligning our priorities with stakeholder expectations. In 2024, we collaborated with various departments that work closely with these groups in order to review and refine our engagement matrix. The following table provides an updated overview of these stakeholder groups, their respective modes of engagement, and their key concerns.

STAKEHOLDER	MEANS OF ENGAGEMENT	ASPECTS	FREQUENCY
Stockholders and Investors	Annual Stockholders Meeting Corporate Disclosure Corporate Website	Financial Performance and Cash Flows Business Outlook Resolutions of Business Concerns ESG Performance	Annually or as needed
Employees	Training and development programs Email blasts and bulletins Annual performance appraisals Online portals / Social Media Company activities and events	Skills inventory development General company updates Performance review and improvement Job opportunities Employee activities and socialization Health and wellbeing	Quarterly or as needed
Customers and Guests	Customer satisfaction surveys Telephone hotlines Social Media	Customer Feedback / areas for improvement General Information Events, Customer complaints	As needed
Residents and Tenants	Email blasts Memorandums Meetings Evacuation drills	Promotions Maintenance and Service Interruption, Escalations, Property Updates Exploratory, Pre-Construction, Egress Fire life and safety Residents/Tenants' complaints Other operational issues	As needed
Suppliers and Contractors	Emails One on one meetings Group meetings/discussions Telephone / mobile phones Site inspections	Cost proposal Warranties Duration of project Scope/Deliverables Payment for services rendered	As needed
Government and Regulators	Emails Site inspections Correspondences Telephone / mobile phones	Coordination of requirements Compliance to regulations Continuous communication and coordination of schedules Payment of taxes and applicable fees	Annually or as needed

INVESTMENT MANAGEMENT

Direct Economic Value Generated & Distributed			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Direct Economic Value Generated (Revenue)	PHP	13,339,788,291	15,376,978,798
Direct Economic Value Distributed:			
a. Operating Costs	PHP	5,226,553,499	6,306,489,104
b. Employee Wages and Benefits	PHP	335,131,480	379,961,185
c. Payments to Suppliers, Other Operating Costs	PHP	1,228,283,867	1,195,350,958
d. Dividends given to Stockholders and Interest Payments to Loan Providers	PHP	1,482,528,324	1,843,020,877
e. Taxes given to Government	PHP	138,687,025	195,635,218
f. Investments to Community (e.g. Donations, CSR)	PHP	51,050,000	41,430,000

GOOD GOVERNANCE

Training on Anti-Corruption Policies & Procedures			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Percentage of Employees to whom the Organization's Anti – Corruption Policies and Procedures have been Communicated To	%	100	100
Percentage of Business Partners to whom the Organization's Anti – Corruption Policies and Procedures have been Communicated To	%	100	100
Percentage of Directors and Management that have Received Anti – Corruption Training	%	50	50
Percentage of Employees that have Received Anti – Corruption Training	%	50	50

Incidents of Corruption			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Number of Incidents in which Directors were Removed or Disciplined for Corruption	#	0	0
Number of Incidents in which Employees were Dismissed or Disciplined for Corruption	#	0	0
Number of Incidents when Contracts with Business Partners were Terminated due to Incidents of Corruption	#	0	0

Labor-Management Relations			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Number of Consultations Conducted with Employees Concerning Employee – Related Policies	#	0	0
Number of Employees Covered by Collective Bargaining Agreement/s	#	N/A	N/A
Percentage of Employees Covered by Collective Bargaining Agreement/s	%	N/A	N/A

RESPONSIBLE BUSINESS

Resource Management			

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Renewable Resources	GJ	2,000	0
Gasoline	GJ	2,130	1,194
LPG	GJ	34,146	57,788
Diesel	GJ	26,074	36,391
Electricity	kWh	116,915,734	107,784,819

ENERGY SAVINGS

DISCLOSURE	UNIT	2024
Renewable Resources	GJ	0
Gasoline	GJ	64
LPG	GJ	16.480
Diesel	GJ	1.455
Electricity	kWh	8,410,323

ENERGY INTENSITY

DISCLOSURE	UNIT	2024
Energy intensity	GJ per million Php revenue	31.44

Materials Used by the Organization			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Materials Used by Weight/Volume		21,290	4,939,141,890
Renewable	Kg or L	200	11,588,430
	GJ	34,146	57,788
Non-Renewable	Kg or L	21,090	4,927,556,052
Percentage of Recycled Input Materials Used to Manufacture the Organization's Primary Products and Services	%	0	$7.6x10^{-5}$

Water and Effluents			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Water Consumption	m^3	1,133,242	1,056,526
Water Recycled and Reused	m^3	177,123	148,396
Total Volume of Water Discharges	m^3	890,261	690,705
Percent of Wastewater Recycled	%	15.74	20.89

WATER INTENSITY

DISCLOSURE	UNIT	2024
Water intensity	m^3 per million Php revenue	68.71

Air Emissions

GHG EMISSIONS

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Direct (Scope 1) GHG Emissions	Tonnes CO2e	3,914	5,992
Energy indirect (Scope 2) GHG Emissions	Tonnes CO2e	74,358	55,617

GHG EMISSIONS INTENSITY

DISCLOSURE	UNIT	
		2024
GHG emissions intensity	Metric tons CO2e per million Php revenue	4.01

AIR POLLUTANTS

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
NOX	kg	N/A	N/A
SOX	kg	N/A	N/A
Persistent Organic Pollutants (POPs)	kg	N/A	N/A
Volatile Organic Compounds (VOCs)	kg	N/A	N/A
Hazardous Air Pollutants (HAPs)	kg	N/A	N/A
Particulate Matter (PM)	kg	N/A	N/A

Solid and Hazardous Wastes			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Total Solid Waste Generated	kg	5,117,882	55,827,719
Reusable	kg	0	0
Recyclable	kg	854,337	1,817,567
Composted	kg	277,110	176,954
Incinerated	kg	0	0
Residuals / Landfilled	kg	2,476,820	52,207,267
Total and percentage of waste recycled reused	ton	854,337	1,817,567
	%	16.69%	3.26%
Total Weight of Hazardous Waste Generated	kg	65,732	41,100
Total Weight of Hazardous Waste Transported	kg	88,873	37,392

SOLID WASTE INTENSITY

DISCLOSURE	UNIT	
		2024
Solid waste intensity	Metric tons per million PHP revenue	3,630.60

Environmental Compliance			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Total Amount of Monetary Fines for Non – Compliance with Environmental Laws and / or Regulations	PHP	0	0
No. of Non – Monetary Sanctions for Non – Compliance with Environmental Laws and / or Regulations	#	0	0
No. of Cases Resolved through Dispute Resolution Mechanism	#	0	1

Diversity, Equal Opportunity, & Anti-Discrimination			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
% of Female Workers in the Workforce	%	45	47
% of Male Workers in the Workforce	%	55	53
Number of Employees from Indigenous Communities and/or Vulnerable Sector	#	42	42

RISK MANAGEMENT

Occupational Health & Safety			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Safe Man-Hours	Man-Hours	850,250	809,997
No. of Work – Related Injuries	#	11	4
No. of Work – Related Fatalities	#	0	0
No. of Work – Related Ill-Health	#	4	0
No. of Safety Drills	#	519	875

Supply Chain Management		
SUSTAINABILITY TOPICS WHEN ACCREDITING SUPPLIERS		
TOPIC	2023	2024
Environmental Performance	✓	✓
Forced Labor	✓	✓
Child Labor	✓	✓
Human Rights	✓	✓
Bribery and Corruption	✓	✓

Referenced in Company Policy: Section 5.11.2.3 of DP-SPI-PROC 1.8 Vendor Accreditation Procedure and Section 5 of the Supplier Code of Conduct.

DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Percentage of Procurement Budget Used for Significant Locations of Operations that is Spent on Local Suppliers	%	98.00	98.00

Customer Privacy and Data Security			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
No. of Substantiated Complaints on Customer Privacy	#	0	0
No. of Complaints Addressed	#	0	0
No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	#	0	0
No. of Data Breaches, including Leaks, Thefts, and Losses of Data	#	0	0

EMPLOYEE WELFARE

Employee Hiring and Benefits			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Total Number of Employees	#	783	1092
a. Number of Female Employees	#	354	500
b. Number of Male Employees	#	429	592

DISCLOSURE	UNIT	Female	Male
Total number of board of directors, by gender	✓	1	3
Total number of senior management employees, by gender	✓	36	47
Total number of middle management employees, by gender	✓	196	211
Total number of rank-and-file employees or staff, by gender	✓	267	331

PERCENTAGE OF EMPLOYEES AVAILING THE BENEFITS

DISCLOSURE	2023	2024	2024	
			Female	Male
SSS	✓	✓	47.40%	55%
PhilHealth	✓	✓	42.20%	51%
PAG - IBIG	✓	✓	46.20%	53%
Parental Leaves	✓	✓	1.16%	0%
Vacation Leaves	✓	✓	99.80%	98%
Sick Leaves	✓	✓	86.20%	85%
Medical Benefits *(Aside from PhilHealth)*	✓	✓	38.80%	49%
Retirement Fund *(Aside from SSS)*	✓	✓	1.55%	3%
Flexible – Working Hours	✓	✓	38.80%	49%

Employee Training and Development			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
Total Training Hours Provided to Employees			
a. Female Employee	Hours	9,796	18,175
b. Male Employee	Hours	13,805	27,668
Average Training Hours Provided to Employees			
a. Female Employees	Hrs/Employee	60.50	36.35
a. Male Employees	Hrs/Employee	82.50	46.74

Labor Standards and Human Rights			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	#	0	0

POLICIES
Our commitment to the highest ethical standards is reflected in our policies, which explicitly prohibit any violations of labor laws and human rights. For more information, please refer to our Code of Business Conduct and Ethics:
https://www.shangproperties.com/app/uploads/2021/05/Code-of-Business-Ethics.pdf
https://www.shangproperties.com/app/uploads/2021/05/05.pdf

TOPIC	2023	2024	Reference in Company Policy
Forced Labor	✓	✓	Code of Business Conduct and Ethics
Child Labor	✓	✓	Code of Business Conduct and Ethics
Human Rights	✓	✓	Code of Business Conduct and Ethics

CUSTOMER EXPERIENCE

Customer Satisfaction			
DISCLOSURE	UNITS	SCORE	
		2023	2024
Customer Satisfaction Score	%	89	90.76

Customer Health and Safety			
DISCLOSURE	UNIT	QUANTITY	
		2023	2024
No. of Substantiated Complaints on Product or Service Health and Safety	#	4,798	4,825
No. of Complaints Addressed	#	4,798	4,825

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

ECONOMIC

Php 195.6M
Taxes paid

Php 41.4M
Investments to community

1,092
Total no. of organic employees

1 NO POVERTY

8 DECENT WORK AND ECONOMIC GROWTH

Material Topic/Disclosure: Economic Performance
As a key player in the Philippine property market, SPI actively supports sustainable development by promoting job generation, contributing to government tax revenues, nurturing relationships with suppliers, investing in communities through donations, and exploring more impactful corporate social responsibility endeavors.

ENVIRONMENT

8,410,323 kWh
Electricity savings

1,817,567 kg
Waste Recycled

148,396 M^3
Wastewater Recycled

11 SUSTAINABLE CITI AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Material Topics: Resource Management, Environmental Impact Management, Environmental Compliance
The environment is our most vital partner from whom we get the resource inputs required to sustain our business operations. At SPI, we are very conscious of the need to address resource availability, and we integrate new technology and conscious material, water, and energy management initiatives as contributions toward a more sustainable and circular economy.

SOCIAL

809,997
Safe man-hours

875
No. of Safety drills

500
Female workers in the workforce

0
Work-related fatalities

45,843
Total training hours

0
Cases of Child or Forced Labor

3 GOOD HEALTH AND WELL-BEING

10 REDUCED INEQUALITIES

Material Topic/Disclosure: Employee Management, Workplace Conditions, Labor Standards and Human Rights
As one of the largest employers in the hospitality and real estate industry of the Philippines, we are keenly aware of the huge responsibility we carry in providing a safe and healthy working environment for our employees, customers, and all other stakeholders. As such, we strictly adhere to applicable labor laws and regulations promulgated by the Department of Labor and Employment (DOLE) and other relevant government agencies. Besides, we know our company performs best in diversity. We keep the workplace safe and welcoming, with values and respect to individuals of all gender, ethnicity, background, sexual orientation, and beliefs.

BOARD OF DIRECTORS

Edward Kuok Khoon Loong is the Chairman of the Company and also Vice Chairman of Kerry Holdings Limited. He has been with the Kuok Group since 1978. He has a Master's degree in Economics from the University of Wales in the United Kingdom.

Maximo G. Licauco III is the Vice Chairman of the Company. He is the President of Filstar Distributors Corporation (Licensee of Hallmark Cards and exclusive distributor of BIC Products). He was previously an Area Vice President of National Book Store, Inc. where he spent 34 years in the retail business. He graduated at the Ateneo De Manila University with Bachelor of Arts Degree major in Economics.

Antonio O. Cojuangco is the Chairman and/or President of various companies and organizations such as Ballet Philippines, CAP Life Insurance Corporation, Cinemalaya Foundation, Mantrade Development Corporation, Nabasan Subic Development Corporation, Philippine Trade Foundation, Inc., Radio Veritas, Tanghalang Pilipino, and Calatagan Bay Realty. He is also a Director in Tiger Resort Leisure and Entertainment Inc. He graduated Summa Cum Laude with an AB Economics degree from the Ateneo de Manila, and obtained a Master's in Business Administration from Stanford University.

Cynthia Roxas Del Castillo is a Senior Partner and a member of the Executive Board at Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles and has been with the firm for over 30 years. She holds an Ll.B from Ateneo, graduated Valedictorian in 1976 and placed 11th in the 1976 Bar Examinations. She was a former Dean of the Ateneo de Manila University's Law School and the first woman to hold the said position. She currently serves as Corporate Secretary and Director of other various Philippine corporations.

Ms. Maria Rochelle S. Diaz was elected as member of the Board Effective 18 June 2024.

Ms. Diaz brings with her a wealth of experience from different industries including Property Development, Banking, Food and Beverage and Telco. She was CFO with the Max's Group of Companies and also worked with Ayala Land, Converge ICT and PricewaterhouseCoopers.

Karlo Marco P. Estavillo is the Chief Operating Officer of the Company. Atty. Estavillo was Vice-President and General Manager of one of the operating business units in one of the largest conglomerates in the country, where he was also Corporate Secretary and Compliance Officer.
He was likewise a member of the Board of Directors of a universal bank, as well as a top local insurance

company. He served in various committees, including Audit, Trust, Legal Oversight, amongst others.He earned a Bachelor of Laws degree from the University of the Philippines, and a Bachelor of Science in Business Management degree from the Ateneo de Manila University.

Wolfgang Krueger is the Executive Director of the Company Prior to joining SPI, Mr. Krueger was the Executive Vice President for Shangri-La International Hotels Limited and looked after all the Shangri-La Hotels in Hong Kong, Philippines, Taiwan, Japan, Mongolia, Australia, and Fiji. He joined Shangri-La Group in 2001 and has been with the group for over 20 years.

Ms. Cheng Wai Sin was elected as member of the Board effective 28 August 2024.

Ms. Cheng is the Chief Financial Officer and the Company Secretary of Kerry Properties Limited (KPL). She is also a member of the KPL's Finance Committee.

Ms. Cheng brings over 25 years of experience in accounting and finance, having worked in both the corporate and banking sectors.

Prior to joining KPL, Ms. Cheng was the Chief Financial Officer of Hutchison Telecommunications Hong Kong Holdings Limited (a listed company in Hong Kong) since 2012. As a qualified accountant, Ms. Cheng holds fellow membership with the Association of Chartered Certified Accountants and membership with the Hong Kong Institute and awarded with the dual designations of Chartered Secretary and Chartered Governance Professional. In addition to her professional qualification, Ms. Cheng holds a Master of Science degree in Finance.

Benjamin Ivan S. Ramos is the President of ROI Corp., an investment company. He was previously the President of Powerbooks, Inc., and also President of Tokyo Tokyo, Inc., the largest Japanese fast food chain in the Philippines. He has an MBA from the Stanford Graduate School of Business.

Alexandra Ramos-Padilla was a member of the Board of the Issuer from 2006 to 2013. She also sits in the Board of Directors of Philodrill Corporation, Anglo Philippines Holdings Corporation and United Paragon Corporation. She is currently Managing Director of National Bookstore, Inc. and President of Anvil Publishing. She graduated from Ateneo de Manila University major in Management Engineering and obtained her Master's in Business Administration from Northwestern University, Illinois, USA.

CORPORATE GOVERNANCE

Shang Properties, Inc. and its Board of Directors have always recognized and effected the globally accepted three (3) basic principles of corporate governance: fairness, transparency, and accountability to all its stakeholders. Shang Properties adopted its Corporate Governance Manual and submitted this to the Securities and Exchange Commission in 2002.

The following sections demonstrate the Company's compliance with these principles as detailed in the Manual during the financial year ending 31 December 2024.

THE BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees its businesses, strategic directions and financial performance. It sets and provides the role modeling for the Company's values and standards ensuring further that its obligations to the Company's shareholders are understood and met. To this end, it assumes responsibility for strategy formulation, corporate governance, and performance monitoring. The management is delegated with the authority and responsibility for the administration of the Company within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to the Executive Committee, the Audit Committee, and the Corporate Governance Committee. Further details of these committees are set out in this annual report.

The number of meetings held and the attendance record of the Board members at these meetings for the last two (2) years are as follows:

	2025*	2024	2023
Number of Board Meetings	1	4	4
Attendance			
Executives	100%	82%	93%
Independent Non-Executive	100%	96%	92%
Average	100%	90%	92%

*Meetings are held in the year to date

Board minutes, kept by the corporate secretary, are sent to the Directors for records, and are open for inspection.

Board Composition

The Board is currently composed of ten (10) Directors. The Directors are Edward Kuok Khoon Loong, Cynthia R. Del Castillo, Antonio O. Cojuangco, Karlo Marco P. Estavillo, Wolfgang Krueger, Maximo G. Licuaco III, Benjamin Ivan S. Ramos, Cheng Wai Sin, Alexandra Ramos-Padilla and Maria Rochelle S. Diaz. The biographies of the Directors are set out on pages 30 and 31 of this annual report, which demonstrate a diversity of skills, expertise, experience, and qualifications.

Division of Responsibilities

The Board has appointed a Chairman who provides leadership in establishing policies and business directions. The Chairman ensures that the Board works effectively, discharges its responsibilities, and discusses all key and appropriate issues in a timely manner.

The Executive Directors are tasked with the day-to-day running of the Company and are responsible for the different aspects of Shang Properties' businesses. Non-Executive Directors bring strong independent judgment, knowledge and expertise to the Board's deliberations. Apart from their election, the Non- Executive Directors do not have any form of service contract with the Company on any of its subsidiaries.

The Independent Directors take an active role in Board meetings, participate in Board Committees, contribute to the development of strategies and policies, and take the lead if and when potential conflicts of interest arise.

Directors' Re-election and Removal

The Directors of the Company are elected during the annual general meeting and hold office for one (1) year or until their successors are elected and qualified.

Access to Information

All Directors are continually updated with legal and regulatory developments, regularly receive comprehensive information about business activities, financial highlights and operations review of the Company's business and market changes, and developments so that they are up to date and are well informed during Board meetings and to facilitate in discharging their responsibilities. The Board members are provided with Board papers and relevant materials prior to the intended meeting date, including business and financial reports covering the Company's principal business activities and are at liberty to contact management for inquiries and to obtain further information, when the advice and services of the Corporate Secretary, who ensures that they receive appropriate and timely information for their decision-making and that Board procedures are being followed. The Directors can obtain independent professional advice at the Company's expense.

DELEGATION BY THE BOARD

Executive Committee

The Executive Committee meets regularly and operates as a general management committee chaired by Wolfgang Krueger, an Executive Director and Executive Assistant to the Chairman. The Executive Committee meets to discuss the corporate and development strategies of the Company.

Corporate Governance Committee

Pursuant to its Corporate Governance Manual, the Board created a Corporate Governance Committee. The committee acts in an advisory capacity and makes recommendations to the Board. It promulgates the guidelines or criteria to govern the conduct of the nominations of the Directors. The same is properly disclosed in the Company's information statement as well as any report that is submitted to the Securities and Exchange Commission.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Management is responsible for the preparation of the financial statements, which adopt generally accepted accounting standards in the Philippines, ensuring appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made. The auditing and reporting on the financial statements are the primary responsibility of the external auditor whose "Independent Auditor's Report" to the Board of Directors and shareholders is included in this Annual Report.

Towards the end of the year, the Board reviews the financial projections of the group for the financial year ending December 31 on any given year. The Management has continued to adopt a going concern basis in preparing the financial statements to ensure that any material uncertainties relating to events or conditions that may affect the Company's ability to manage effectively are met.

Internal Controls

The Board is responsible for maintaining an adequate system of internal controls and reviewing their effectiveness. The system of internal control is designed to facilitate effective and efficient operations, safeguard its assets, and ensure that the quality of internal and external reporting comply with applicable laws and regulations. In establishing internal controls, the Company has taken into consideration the nature and extent of the Company's business, operational and financial risks, the likelihood of realization of such risks, and the costs of implementing the relevant internal controls.

These internal controls are designed to manage, but not eliminate, the risk of failure to achieve business objectives and provide reasonable, but not absolute, assurance against the risks of material misstatement, fraud or losses.

During the year ended 31 December 2024, the Board, through the Audit Committee, reviewed the risks and evaluated the internal control framework that operates within the Company and considered that the system of internal controls in operation is effective.

More details on the Company's internal control framework and the Board's process to evaluate its system of internal controls is set out in the section headed internal controls on this page of this Annual Report.

Audit Committee

Pursuant to its Corporate Governance Manual, the Board created an Audit Committee in 2002. Each member is required to have at least an adequate understanding of or competence on most of the Company's financial management systems and environment. The major responsibilities of the Audit Committee are:

- To perform oversight functions over senior management in establishing and maintaining an adequate, effective and efficient internal control framework, systems and processes to provide reasonable assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations and safeguarding of assets;

- To perform oversight functions over the Company's Internal and External Auditors, to ensure the independence and objectivity of Internal and External Auditors, and that they are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit function;

- To review and monitor the effectiveness of the external audit process, taking into consideration relevant Philippine professional and regulatory requirements and review, at least annually, the performance, suitability and effectiveness of the external auditors;

- To review and approve Financial Statements of the Company before their submission to the Board with particular focus on (a) any change/s in accounting policies and practices; (b) areas where a significant amount of judgement has been exercised; (c) significant adjustments resulting from the audit; (d) going concern assumptions; (e) compliance with accounting standards; and (f) compliance with tax, legal, and regulatory requirements.

The number of meetings held and the attendance record of the Committee members at these meetings for the last two (2) years are as follows:

Audit Committee Meetings	2025*	2024	2023
No. of Meetings	1	4	4
Attendance	100%	92%	83%

*Meetings are held in the year to date

Auditor's Remuneration

During the financial year ended 31 December 2024, the fees paid/payable to the External Auditor in respect ofthe audit and non-audit services provided by the External Auditor to the Company amounted to PhP4,039,000.

INTERNAL CONTROLS

The Board is responsible for maintaining and reviewing the effectiveness of the Company's system of internal controls. The internal controls are designed to meet the Company's particular needs, minimize the risks to which it is exposed, manage rather than eliminate the risks to achieve business objectives, and provide reasonable but not absolute assurance against misstatements or losses. The Company's internal control framework covers (i) the setting of objectives, budgets, and targets; (ii) the establishment of regular reporting of financial information, in particular, the tracking of deviations between actual performances and budgets/targets; (iii) the delegation of authority; and (iv) the establishment of clear lines of accountability.

Strategies and objectives of the Company as a whole are determined by the Board. Budgets are prepared annually and reviewed by the Board. In implementing these strategies and achieving these objectives, each Executive Director has specific responsibilities for monitoring the conduct and operations of individual business units within the Company. This includes the review and approval of business strategies and plans, the setting of business-related performance targets as well as the design and implementation of internal controls.

Periodic financial information is provided to the Executive Directors. Variance analysis between actual performances and targets is prepared and documented for discussion at Board meetings, with explanations between actual performances and budgets / targets. This helps the Board and the Company's Management to monitor its business operations and to plan on a prudent and timely basis. Other regular and ad hoc reports are prepared for the Board and to various committees, to ensure that the Directors are provided with all the requested information in a timely and appropriate manner.

To allow for delegation of authority as well as to enhance segregation of duties and accountability, a clear organizational structure exists detailing different levels of authority and control responsibilities within each business unit of the Company. Certain specific matters are reserved for the Board's decision and cannot be delegated. These include, among others, the approval of annual and interim results, annual budgets, capital structure, declaration of dividends, material acquisitions, disposals and capital expenditures, Board structures and its composition and succession.

In addition, the Board also monitors the Company's governance system, risk management process and system of internal controls through internal audits. An internal audit plan is formulated based on a risk-based audit approach with focus on areas with relatively higher perceived risks, in consultation with the Company's senior management. The internal audit plan is approved by the Audit Committee at the end of the preceeding financial year, and mid-year updates are done whenever deemed necessary.

The internal audit team reviews the company's business operations and processes covering operational, financial and compliance audits on a continuing basis, and aims to cover the major business operations and those areas with relevant and signficant risks for the audit period.

During the audit reviews, the internal audit team ensures that appropriate controls are present or existing and are operating effectively, and that any deficiencies or irregularities noted are rectified.

The internal audit team functionally reports directly to the Audit Committee. Accordingly, regular internal audit reports are circulated to the Audit Committee members, the senior management, and the concerned business unit head.

COMMUNICATION WITH SHAREHOLDERS

Investor Relations

Communication Channels

In order to develop and maintain a continuing investor's program with its shareholders, the Company has established various channels of communication:

i) Shareholders can raise any comments on the performance and future directions of the Company with the Directors at the Annual General Meeting.

ii) The Company distributes the annual results to shareholders.

iii) The Company's website www.shangproperties.com contains important corporate information, biographical details of Directors and senior management, organizational structure, annual and interim reports, major historical developments with comprehensive and user-friendly information about the Company's shareholders and the investor community to have timely access to updated information.

iv) Shareholders and members of the investor community are welcome to raise enquiries through the Legal Department, whose contact details are available in the Company's website
www.shangproperties.com.

General Meetings

1. The General Meeting provides a forum for the Board to communicate with the shareholders of the Company.

2. To facilitate enforcement of shareholders' rights, significant issues are dealt with under separate resolutions at general meetings.

3. The 2024 Annual Stockholders' Meeting of the Company was held on June 18, 2024 At Edsa Shangri-La Manila.

The following resolutions were passed during the meeting:

1. Approval of the Minutes of the Annual Meeting of the Stockholders held on June 29, 2023.

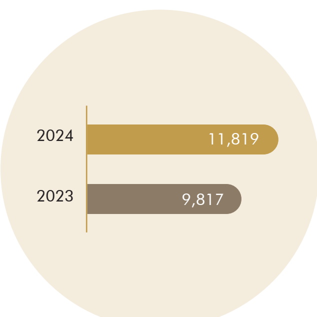
2. Election of Directors for the year 2024-2025.

3. Appointment of External Auditor

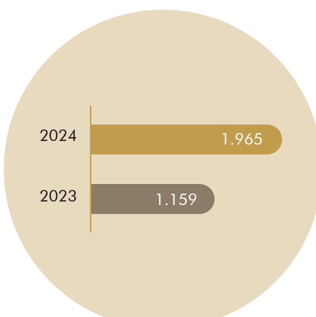
FINANCIAL HIGHLIGHTS

TWO-YEAR OVERVIEW

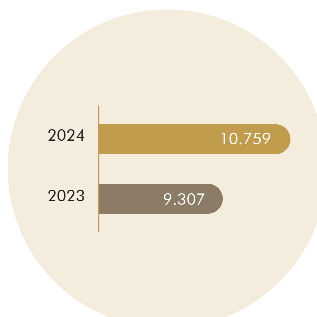
		2024	2023	Change
Turnover	(Php M)	11,819	9,817	18.0%
Profit attributable to shareholders of the Parent Company	(Php M)	9,357	5,518	69.7%
Equity attributable to shareholders of the Parent Company	(Php M)	52,232	44,317	17.6%
Earnings per share attributable to shareholders of the Parent Company	(Php Ctv)	1.965	1.159	69.7%
Net asset value per share attributable to shareholders of the Parent Company	(Php)	10.759	9.307	17.6%
Share price at year end	(Php)	3.940	3.670	7.4%
Price earnings ratio at year end	(Ratio)	2.005	3.167	-36.7%
Market capitalisation at year end	(Php M)	18,740	17,484	0.0%
Dividend per share	(Php Ctv)	0.290	0.289	0.1%
Dividend payout ratio	(%)	22.9%	25.0%	-8.2%
Dividend yield at year end	(%)	7.4%	7.9%	-6.7%
Operating Margin	(%)	43.9%	43.2%	-4.3%
Return on equity	(%)	18.3%	12.5%	44.3%
Return on total financing	(%)	18.4%	12.5%	44.0%
Interest cover	(Ratio)	14.956	16.059	-6.9%
Gross interest as a % of total borrowings	(%)	4.6%	4.4%	2.7%
Current ratio	(Ratio)	1.3	1.0	35.4%
Total Debt to Equity	(%)	60.3%	47.9%	23.9%
Total Bank Loans to Equity	(%)	31.0%	20.0%	55.2%



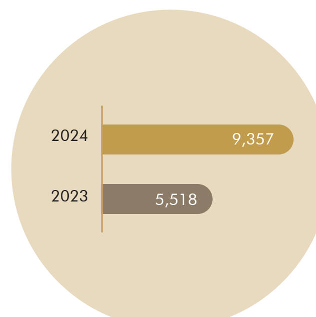
Turnover
PhP Million



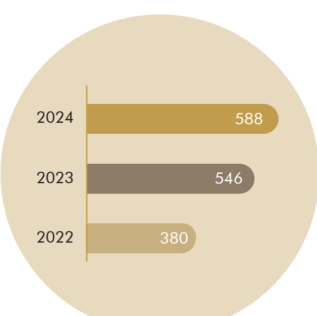
Earnings Per Share
PhP Ctv



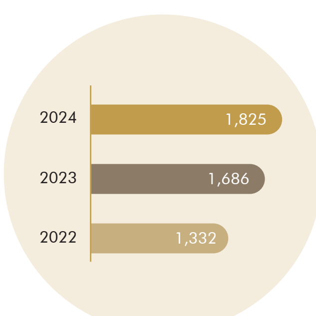
Net Asset Value Per Share
PhP



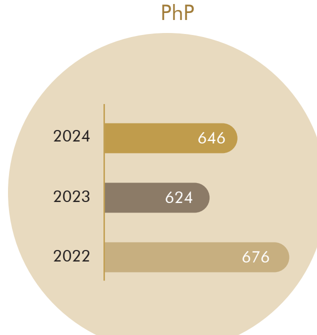
Profit Attributable to Shareholders
PhP Million



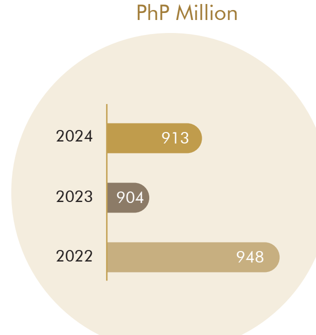
SLPC Net Income
PhP Million



SLPC Revenue
PhP Ctv



TEC Net Income
PhP



TEC Gross Rental Income
PhP Million

STOCK PERFORMANCE

& SHAREHOLDER MATTERS

	HIGH (*in PhP)	LOW (*in PhP)
2022		
First Quarter	2.62	2.50
Second Quarter	2.61	2.45
Third Quarter	2.62	2.45
Fourth Quarter	2.60	2.41

	HIGH (*in PhP)	LOW (*in PhP)
2023		
First Quarter	2.75	2.50
Second Quarter	3.00	2.55
Third Quarter	3.65	3.00
Fourth Quarter	3.79	3.47

	HIGH (*in PhP)	LOW (*in PhP)
2024		
First Quarter	4.00	3.62
Second Quarter	4.20	3.42
Third Quarter	3.94	3.70
Fourth Quarter	4.00	3.65

DIVIDENDS

For the year 2024, the Board of Directors declared total cash dividends of PhP1.380 Billion (2023: PhP1.378 Billion)

SHAREHOLDER PROFILE

As of 31 December 2024, the Company had 5,103 stockholders. Common shares outstanding as of said date are 4,764,058,982. The Company's stockholders owning at least 5% or more of the common shares outstanding as of 31 December 2024 are:

Rank	Shareholders	No. of Shares	Percentage
1	TRAVEL AIM INVESTMENT B.V.	1,648,869,372	34.61
2	IDEAL SITES AND PROPERTIES INC.	1,465,144,626	30.75
3	PCD NOMINEE CORPORATION (FILIPINO)	1,002,290,484	21.03

10-YEAR FINANCIAL SUMMARY

	2024	2023	2022
Profit and loss account	Php '000	Php '000	Php '000
Turnover	11,818,623	9,816,777	7,860,859
Operating profit	5,021,259	4,239,376	3,004,661
Interest expense & bank charges	(65,942)	(52,119)	(109,448)
Share in profit (loss) of associated companies	2,526,569	2,460,747	1,422,114
Profit before taxation	12,256,786	7,150,570	4,665,642
Taxation	(2,285,061)	(1,049,013)	(677,481)
Profit after taxation	9,971,725	6,101,557	3,988,161
Minority interests	(615,171)	(583,138)	(353,682)
Profit attributable to shareholders	9,356,554	5,518,419	3,634,479
Assets and liabilities			
Fixed assets	57,174,925	47,535,338	46,546,005
Associated company	9,250,604	8,219,286	5,748,050
Other assets	2,713,501	2,740,567	1,725,526
Net current assets/(liabilities)	4,889,817	(119,018)	(257,575)
Long term liabilities	(16,722,143)	(7,887,913)	(7,825,816)
Total equity	57,306,704	50,488,260	45,936,190

2021	2020	2019	2018	2017	2016	2015
Php '000	Php '000	Php '000	Php '000	Php '000	Php '000	Php '000
4,573,925	6,220,489	11,361,826	11,180,487	13,770,215	10,343,021	7,391,108
657,510	1,085,172	4,031,015	3,721,551	4,939,001	4,021,601	4,005,484
(120,052)	(139,647)	(272,339)	(358,742)	(331,963)	(273,494)	(201,559)
404,707	185,534	101,237	-	(4,100)	(4,313)	70,658
1,322,676	1,825,796	4,476,579	4,832,376	5,684,611	4,679,868	4,767,165
867,600	(404,216)	(1,054,810)	(1,271,762)	(1,464,529)	(1,204,218)	(1,189,139)
2,190,276	1,421,580	3,421,769	3,560,614	4,220,082	3,475,650	3,578,027
(66,214)	48,385	(365,767)	(548,286)	(873,916)	(569,726)	(728,214)
2,124,063	1,469,965	3,056,002	3,012,328	3,346,166	2,905,925	2,849,813
46,210,937	46,598,466	47,202,480	46,761,767	42,283,683	39,702,962	41,890,783
4,318,124	2,317,911	2,121,615	1,000,389	501,936	495,636	491,948
1,859,339	2,597,366	1,943,490	1,543,107	1,123,249	150,264	63,411
(929,421)	691,743	1,183,719	2,593,483	8,453,323	12,039,829	9,452,538
(8,519,955)	(10,531,118)	(11,181,166)	(12,832,387)	(15,837,950)	(19,050,222)	(19,597,098)
42,939,023	41,674,367	41,270,139	39,066,359	36,524,241	33,338,468	32,301,583

STATEMENT OF MANAGEMENT´S RESPONSIBILITY FOR FINANCIAL STATEMENTS

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills Mandaluyong City

The management of **SHANG PROPERTIES INC.** is responsible for the preparation and fair presentation of the **consolidated** financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of **consolidated** financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the **consolidated** financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the **consolidated** financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Isla Lipana and Co., the independent auditors appointed by the stockholders, has audited the **consolidated** financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Edward Kuok Khoon Loong
Chairman of the Board

Wolfgang Krueger
Executive Director

Mabel P. Tacorda
Chief Finance Officer

Signed this 12th day of March, 2025

AUDIT COMMITTEE REPORT

For the year ended 31 December 2024

The Audit Committee of The Board has been established since 2002 is composed of three (3) Non-executive Directors, of whom two (2) are independent directors. The chair of the Audit Committee is an independent director.

The Audit Committee operates pursuant to the approved Audit Committee Charter. In general, the Audit Committee is responsible for assisting the Board in its responsibilities in monitoring the integrity of the Group's financial reporting process, the financial statements and financial reports of the Company, the compliance with legal and regulatory requirements, the external auditor's qualifications and independence, and the performance of the Group's internal audit function and external auditor.

In performing its responsibilities, set out below is a summary of the work performed by the Audit Committee during the financial year ended 31 December 2024.

(i) The Audit Committee reviewed the draft annual and interim financial statements and the draft results announcements of the Company, focusing on main areas of judgment, consistency of and changes in accounting policies and adequacy of information disclosure prior to recommending them to the Board for approval.

(ii) The Audit Committee reviewed, in conjunction with the external auditor, the development of accounting standards and assessed their potential impact on the Group's financial statements.

(iii) The Audit Committee assessed the independence of the Company's external auditor, prior to formally engaging the external auditor to carry out the audit for the Company's financial statements for the year ended 31 December 2024.

(iv) Prior to the actual commencement of the audit, the external auditor discussed the proposed scope of work and approach of the audit with the Audit Committee. Upon completion of the audit, the Audit Committee reviewed the results of the external audit and discussed with the external auditor any significant findings and audit issues.

(v) The Audit Committee recommended to the Board regarding the appointment and remuneration of the external auditor.

(vi) The Audit Committee reviewed and approved the internal audit plan, reviewed, and discussed the significant and material audit issues from the internal audit reports with the internal audit team and the Group's senior management.

(vii) The Audit Committee reviewed the independence of the internal audit function and the level of support and cooperation given by the Group's management to the internal audit team, as well as the resources of the internal audit team when undertaking its duties and responsibilities.

(viii) The Audit Committee reviewed the adequacy and effectiveness of the Group's systems of internal controls, through oversight on the work undertaken by the Group's internal and external auditor, and written representations by the senior management of each of the Group's business divisions and discussions with the Board.

During the financial year ended 31 December 2024, the Audit Committee met four (4) times. The Audit Committee also conducted meetings with the Group's senior management, the external auditor, and the internal audit team from time to time. Minutes of the Audit Committee Meetings are documented and circulated to the Board for information. The Audit Committee also reports and presents its findings and makes recommendations for consideration and discussion at Board meetings.

The Audit Committee reviewed the audited financial statements of the Group for the year ended 31 December 2024 prior to recommending them to the Board for approval.

Members of the Audit Committee:

Mr. Benjamin Ivan S. Ramos
Chairman

Mr. Maximo G. Licauco III
Member

Ms. Cynthia R. Del Castillo
Member

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Shang Properties, Inc.
Administration Office, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard
Mandaluyong City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Shang Properties, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2024 and 2023, and its consolidated financial performance and its cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of comprehensive income for each of the three years in the period ended December 31, 2024;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2024;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy and other explanatory information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

- Valuation of investment properties; and
- Revenue recognition on condominium sales based on percentage of completion (PoC).

Independent Auditor's Report
To the Board of Directors and Shareholders of
Shang Properties, Inc.
Page 3

Key Audit Matters	How our Audit Addressed the Key Audit Matters
a) Valuation of investment properties Refer to Note 10 to the consolidated financial statements for the details of the investment properties and discussion on critical accounting estimates and assumptions. As at December 31, 2024, total investment properties, carried at fair value, amounts to P47 billion which accounts for about 51% of the total consolidated assets of the Group. The determination of fair values by an external appraiser involves significant estimation using assumptions such as property prices for similar market listings in the area, occupancy rate, rental value, expense-revenue ratio and discount rate. A fair value assessment is performed regularly based on the requirements of PFRS 13, Fair Value Measurement, and Philippine Accounting Standards (PAS) 40, Investment Property.	We have addressed the matter by obtaining the latest appraisal reports. We have assessed the appropriateness of the valuation methodology used as well as the reasonableness of the significant inputs and assumptions used in the fair valuation. In particular, comfort over the reliability of the appraisal reports was obtained through independent verification of significant fair value assumptions and inputs specifically: • similar market listing in the area by comparing to records of recent sales and offerings of similar properties; • occupancy rate by agreeing to management's records and historical actual information; • expense-revenue ratio by comparing to the historical experience of the Group's leasing operations; • rental value by comparing to prevailing market rents on leasing transactions of comparable properties; and • discount rate by comparing to published market yields. We have also assessed the reasonableness of these assumptions given the current market and economic conditions. We have evaluated the competence, capabilities and objectivity of the independent appraiser engaged by the Group by reviewing its profile, licenses and client portfolio. We have also verified the appropriateness and sufficiency of the disclosures in accordance with PFRS 13 and PAS 40.

Key Audit Matters	How our Audit Addressed the Key Audit Matters
b) Revenue recognition on condominium sales based on PoC as a measure of progress Refer to Note 6 to the consolidated financial statements for the discussion on critical accounting estimates and assumptions. The revenue arising from condominium sales for the year ended December 31, 2024, amounts to P4.6 billion which accounts for about 39% the consolidated revenues. It is, therefore, material to the consolidated financial statements. Revenue from sale of condominium is recognized over time using the output method in accordance with the guidance set in PFRS 15, Revenue from contracts with customers, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. Under the output method, revenue is calculated with reference to the PoC of the project. In the case of the Group, PoC is determined based on the actual physical completion of the project. Hence, revenue recognition on condominium sales requires significant judgment and estimation.	We have addressed the matter by understanding the process employed by the Group in estimating the actual physical completion of the condominium project as performed by independent quantity surveyors. We have evaluated the competence, capabilities, and objectivity of the independent quantity surveyors engaged by the Group by reviewing their profile, professional licenses, and client portfolio. We have examined the detailed accomplishment reports that provide information and analysis about the status of ongoing projects to validate the accuracy of the percentage of completion (POC) estimate. Additionally, we conducted interviews with project engineers and inspected relevant contracts, contractors' billings, invoices, and other supporting documents to assess the reasonableness of the percentage of completion. After obtaining comfort over the reasonableness of the POC as determined by the surveyors, the engagement team validated the POC used by agreeing it to the POC determined by the independent quantity surveyors and recomputed revenue accordingly.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Shang Properties, Inc.
Page 5

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but do not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Shang Properties, Inc.
Page 7

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zaldy D. Aguirre.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 3, 2025, Makati City
TIN 221-755-698
BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 19, 2025

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2024 and 2023
(All amounts in thousands of Philippine Peso)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	3	3,171,640	1,408,142
Financial assets at fair value through profit or loss	4	32,895	35,405
Trade and other receivables, net	5	7,709,620	6,839,024
Properties held for sale	6	8,396,598	5,259,074
Prepaid taxes and other current assets	7	3,392,553	2,613,474
Total current assets		22,703,306	16,155,119
Non-current assets			
Investments in and advances to associates and a joint venture	8	9,250,604	8,219,286
Investment properties	10	47,194,415	37,289,273
Financial assets at fair value through other comprehensive income	11	846,768	829,468
Property and equipment, net	12	9,980,510	10,246,065
Goodwill	13	269,871	269,871
Deferred income tax assets	25	172,741	224,928
Other non-current assets	14	1,424,121	1,416,300
Total non-current assets		69,139,030	58,495,191
Total assets		91,842,336	74,650,310
Liabilities and Equity			
Current liabilities			
Accounts payable and other current liabilities	15	5,340,738	5,322,481
Current portion of:			
Bank loans	16	11,055,000	10,115,000
Deposits from tenants	17	570,017	710,830
Deferred lease income	17	27,176	11,566
Income tax payable	25	293,091	44,268
Dividends payable		527,467	69,992
Total current liabilities		17,813,489	16,274,137
Non-current liabilities			
Retirement benefit liability	24	171,215	126,940
Bank loans, net of current portion	16	7,040,000	-
Deferred income tax liabilities, net	25	8,837,955	7,416,148
Advance rental, net of current portion	29	140,812	-
Deposits from tenants, net of current portion	17	502,378	319,987
Deferred lease income, net of current portion	17	29,783	24,838
Total non-current liabilities		16,722,143	7,887,913
Total liabilities		34,535,632	24,162,050
Equity			
Share capital	18	4,764,059	4,764,059
Share premium	18	834,440	834,440
Treasury shares	18	(6,850)	(6,850)
Equity reserves		(141,133)	(141,133)
Other comprehensive income	18	301,867	289,713
Retained earnings	18	45,480,205	38,576,729
Total equity attributable to shareholders of the Parent Company		51,232,588	44,316,958
Non-controlling interests	9	6,074,116	6,171,302
Total equity		57,306,704	50,488,260
Total liabilities and equity		91,842,336	74,650,310

The notes on pages 53 to 116 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income
For each of the three years in the period ended December 31, 2024
(All amounts in thousands of Philippine Peso)

	Notes	2024	2023	2022
Revenues				
Condominium sales	6	4,614,789	3,073,245	2,850,803
Rental and cinema	10	2,684,420	2,540,440	2,165,080
Hotel operation		4,519,414	4,203,092	2,844,976
		11,818,623	9,816,777	7,860,859
Cost of sales and services				
Condominium sales	6	2,031,229	1,233,491	1,226,558
Rental and cinema		101,775	70,883	174,018
Hotel operation		2,216,925	2,162,346	1,729,476
	20	4,349,929	3,466,720	3,130,052
Gross profit		7,468,694	6,350,057	4,730,807
Operating expenses				
Staff costs	21	740,476	634,831	603,251
Taxes and licenses		247,881	192,983	166,583
Insurance		45,350	38,423	13,657
Depreciation and amortization	12	35,464	34,006	32,036
Other operating expenses	22	1,378,264	1,210,438	910,619
		2,447,435	2,110,681	1,726,146
Other income (charges), net				
Provision for impairment of related party receivable	27	(751,977)	-	-
Foreign exchange (losses) gains, net	3	(15,718)	(10,195)	14,575
Gain on fair value adjustment of investment properties, net	10	5,200,705	-	-
Other income, net	23	217,075	387,532	100,605
		4,650,085	377,337	115,180
Finance income, net				
Finance income	23	124,815	125,229	233,135
Finance costs	23	(65,942)	(52,119)	(109,448)
		58,873	73,110	123,687
Share in net income of associates and a joint venture	8	2,526,569	2,460,747	1,422,114
Income before income tax		12,256,786	7,150,570	4,665,642
Income tax expense	25	(2,285,061)	(1,049,013)	(677,481)
Net income for the year		9,971,725	6,101,557	3,988,161
Other comprehensive income				
Item that will be subsequently reclassified to profit or loss				
Translation adjustments		-	6,627	2,717
Items that will not be subsequently reclassified to profit or loss				
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	11	14,705	14,450	(811)
Remeasurement of retirement benefit, net of tax		(2,551)	(5,703)	3,932
		12,154	15,374	5,838
Total comprehensive income for the year		9,983,879	6,116,931	3,993,999
Net income attributable to:				
Shareholders of the Parent Company		9,356,554	5,518,419	3,634,479
Non-controlling interests	9	615,171	583,138	353,682
		9,971,725	6,101,557	3,988,161
Total comprehensive income attributable to:				
Shareholders of the Parent Company		9,368,708	5,533,793	3,640,011
Non-controlling interests	9	615,171	583,138	353,988
		9,983,879	6,116,931	3,993,999
Basic and diluted earnings per share attributable to shareholders of the Parent Company	26	1.964	1.159	0.763

The notes on pages 53 to 116 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2024
(All amounts in thousands of Philippine Peso)

	Equity attributable to shareholders of the Parent Company								
	Share capital (Note 18)	Share premium (Note 18)	Treasury shares (Note 18)	Other comprehensive income (Note 18)	Equity reserves	Retained earnings (Note 18)	Total	Non-controlling interests (Note 9)	Total equity
Balances at January 1, 2022	4,764,059	834,440	(6,850)	268,807	(141,133)	31,587,544	37,306,867	5,632,156	42,939,023
Comprehensive income									
Net income for the year	-	-	-	-	-	3,634,479	3,634,479	353,682	3,988,161
Other comprehensive income	-	-	-	5,532	-	-	5,532	306	5,838
Total comprehensive income	-	-	-	5,532	-	3,634,479	3,640,011	353,988	3,993,999
Transaction with owners									
Cash dividends declared (Note 19)	-	-	-	-	-	(785,616)	(785,616)	(211,217)	(996,833)
Balances at December 31, 2022	4,764,059	834,440	(6,850)	274,339	(141,133)	34,436,407	40,161,262	5,774,927	45,936,189
Comprehensive income									
Net income for the year	-	-	-	-	-	5,518,419	5,518,419	583,138	6,101,557
Other comprehensive income	-	-	-	15,374	-	-	15,374	-	15,374
Total comprehensive income	-	-	-	15,374	-	5,518,419	5,533,793	583,138	6,116,931
Transaction with owners									
Cash dividends declared (Note 19)	-	-	-	-	-	(1,378,097)	(1,378,097)	(186,763)	(1,564,860)
Balances at December 31, 2023	4,764,059	834,440	(6,850)	289,713	(141,133)	38,576,729	44,316,958	6,171,302	50,488,260
Impact of adoption of accounting for significant financing component (Note 31)	-	-	-	-	-	(1,073,402)	(1,073,402)	-	(1,073,402)
Balances at January 1, 2024, restated	4,764,059	834,440	(6,850)	289,713	(141,133)	37,503,327	43,243,556	6,171,302	49,414,858
Comprehensive income									
Net income for the year	-	-	-	-	-	9,356,554	9,356,554	615,171	9,971,725
Other comprehensive income	-	-	-	12,154	-	-	12,154	-	12,154
Total comprehensive income	-	-	-	12,154	-	9,356,554	9,368,708	615,171	9,983,879
Transaction with owners									
Cash dividends declared (Note 19)	-	-	-	-	-	(1,379,676)	(1,379,676)	(712,357)	(2,092,033)
Balances at December 31, 2024	4,764,059	834,440	(6,850)	301,867	(141,133)	45,480,205	51,232,588	6,074,116	57,306,704

The notes on pages 53 to 116 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2024
(All amounts in thousands of Philippine Peso)

	Notes	2024	2023	2022
Cash flows from operating activities				
Income before income tax		12,256,786	7,150,570	4,665,642
Adjustments for:				
Depreciation and amortization	12	396,345	377,127	387,938
Finance costs	23	65,942	51,032	108,512
Retirement benefit expense	24	90,708	37,362	36,032
Loss (gain) on fair value adjustment of financial assets at fair value through profit or loss	4, 23	2,510	(4,012)	(577)
Provision for (recovery of) doubtful accounts	5, 22	752,262	(51)	157
Unrealized foreign exchange gain	3	(3,536)	(2,108)	(24,255)
Gain on sale of property and equipment	23	(265)	(1,313)	(374)
Amortization of deferred lease income	17	(33,718)	4,679	(15,040)
Dividend income	23	(53,744)	(8,168)	(668)
Share in net income of associates and a joint venture	8	(2,526,569)	(2,460,747)	(1,422,114)
Gain on fair value adjustment of investment properties, net	10	(5,200,705)	-	-
Finance income	23	(124,815)	(125,229)	(233,135)
Operating income before working capital changes		5,621,201	5,019,142	3,502,118
Changes in working capital:				
Trade and other receivables		(1,835,154)	(1,281,744)	(1,215,386)
Properties held for sale		(3,259,167)	(897,466)	(782,346)
Prepaid taxes and other current assets		617,308	(333,815)	(311,864)
Other non-current assets		(1,224,249)	(1,266,385)	28,099
Accounts payable and other current liabilities		47,435	367,744	370,268
Retirement benefit liability		10,748	10,025	4,602
Installment payable		-	-	(47,883)
Advance rentals		112,860	(17,459)	(250,591)
Deposits from tenants		63,531	(2,251)	(23,393)
Net cash generated from operations		154,513	1,597,791	1,273,624
Income tax paid		(722,806)	(475,942)	(307,346)
Interest received		120,584	127,951	230,963
Retirement benefits paid directly by the Group		(47,743)	(13,137)	(16,374)
Net cash (used in) provided by operating activities		(495,452)	1,236,663	1,180,867
Cash flows from investing activities				
Additions to:				
Property and equipment	12	(131,791)	(117,841)	(148,414)
Advances to a joint venture	8	(145,604)	(10,489)	(7,813)
Investment properties	10	(4,582,794)	(1,231,618)	(586,937)
Financial assets at fair value through other comprehensive Income	11	-	-	(16,100)
Dividends received	23	53,744	8,168	668
Proceeds from sale of property and equipment	12, 23	41	7,624	8,738
Proceeds from payment for advances	8	750,000	-	-
Net cash used in investing activities		(4,056,404)	(1,344,156)	(749,858)
Cash flows from financing activities				
Payments of:				
Loan principal	16	(760,000)	(1,370,000)	(2,865,000)
Interest	16	(33,622)	(54,040)	(110,577)
Cash dividends paid to:				
Shareholders	19	(922,203)	(1,369,273)	(786,346)
Non-controlling shareholders of subsidiaries	9	(712,357)	(186,763)	(211,218)
Proceeds from loan availments	16	8,740,000	3,175,000	3,460,000
Net cash provided by (used in) financing activities		6,311,818	194,924	(513,141)
Net increase (decrease) in cash and cash equivalents for the Year		1,759,962	87,431	(82,132)
Cash and cash equivalents at January 1	3	1,408,142	1,318,603	1,376,480
Effects of exchange rate changes on cash and cash equivalents	3	3,536	2,108	24,255
Cash and cash equivalents at December 31	3	3,171,640	1,408,142	1,318,603

The notes on pages 53 to 116 are integral part of these consolidated financial statements.

Shang Properties, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements
As at December 31, 2024 and 2023
and for each of the three years in the period ended December 31, 2024
(All amounts are shown in thousands of Philippine Peso unless otherwise stated)

1 General information

Shang Properties, Inc. (the “Parent Company”), a corporation duly organized and existing in the Philippines, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 21, 1987 to acquire, own, develop, subdivide, sell, mortgage, exchange, lease or hold for investment, real estate of all kinds.

The Parent Company's registered office address, which is also its principal place of business, is at Administration Office, Shangri-La Plaza Mall, EDSA corner Shaw Boulevard, Mandaluyong City.

The Parent Company and its subsidiaries' (together, the “Group”) businesses include property investment and development, hotel operations, real estate management, leasing, mall and carpark operations, and other supplementary businesses.

The consolidated financial statements have been approved and authorized for issue in accordance with a resolution of the Board of Directors dated March 12, 2025. There are no subsequent events from the approval of these financial statements up to March 19, 2025.

2 Segment information

The Group's operating businesses are organized and managed according to the nature of the products and services marketed. Each segment represents a strategic business unit that offers different products and serves different markets. The Group has operations only in the Philippines. The Group derives revenues from three (3) main segments as follows:

(a) Property development

This business segment pertains to the development and sale of condominium units. The subsidiaries operating in this segment are as follows:

- Shang Properties Realty Corporation (“SPRC”) is the developer of The Shang Grand Tower Project (TSGT), located in Makati City, The St. Francis Shangri-La Place Project (TSFSP) and One Shangri-La Place Project (OSP), both located in Mandaluyong City and Shang Bauhinia Residences located in Cebu City.
- Shang Property Developers, Inc. (“SPDI”) is the developer of Shang Salcedo Place Project (SSP), located in Makati City.
- The Rise Development Company Inc. (“TRDCI”) is the developer of The Rise Makati Project, located in Makati City.
- Shang Wack Wack Properties, Inc. (“SWWPI”) is the developer of Shang Residences at Wack Wack Project, located in Mandaluyong City.
- SPI Property Holdings, Inc. ("SPI-PHI") is the developer of Laya Project in Pasig City.
- SPI Land Development, Inc. ("SPI-LDI") is the developer of Shang Summit Project in Quezon City.

On October 23, 2024, The Parent Company acquired, for a total consideration of P2.53 billion, 100% of the issued share capital of RapidShare Realty and Development Corporation (RRDC), a company primarily engaged in the development, sale, and lease of real estate properties.

(b) Hotel operations

This business segment pertains to the operations of Shangri-La at the Fort's hotel and residences. Shang Global City Properties, Inc. ("SGCPI") is the developer of Shangri-La at the Fort Project, located in Taguig City. SGCPI's hotel and restaurant operations started commercial operations on March 1, 2016.

(c) Leasing

This business segment pertains to the rental operations of the Shangri-La Plaza Mall, The Enterprise Center ("TEC") and their related carpark operations as operated by Shangri-La Plaza Corporation ("SLPC"), KSA Realty Corporation ("KSA") and SPI Parking Services, Inc. ("SPSI"), respectively. It also includes rental of a portion of the Parent Company's land to EDSA Shangri-La Hotel and Resort, Inc. ("ESHRI") and cinema operations of Shangri-La Plaza Mall.

In 2019, the Parent Company started construction of the Shang One Horizon. The Project is a located in the City of Mandaluyong and is expected to be completed in 2028. Upon completion, the project will be subsequently leased out to third parties and related parties. In 2021, the construction of the land project was subsequently assigned by the Parent Company to SPI Property Developers, Inc. ("SPI-PDI"), a subsidiary.

(d) Other business segments

Other business segments pertain to property management services and operations of real estate entities and other subsidiaries. Except for the rental revenue from ESHRI, all revenues come from transactions with third parties. There are no revenues derived from a single external customer above 10% of total revenue in 2024, 2023, and 2022. There is no need to present reconciliation since measure of segment assets, liabilities and results of operations are consistent with those of the consolidated financial statements.

All revenues are from domestic entities incorporated in the Philippines; hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

There are no changes in the Group's reportable segments and related strategies and policies in 2024, 2023, and 2022.

The segment assets, liabilities and results of operations of the reportable segments of the Group as at and for the year ended December 31, 2024 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	4,614,789	-	-	-	4,614,789	-	4,614,789
Rental and cinema	146,481	-	2,905,983	-	3,052,464	(368,044)	2,684,420
Hotel operation	-	4,519,414	-	-	4,519,414	-	4,519,414
Cost of sales and services							
Condominium sales	(2,031,229)	-	-	-	(2,031,229)	-	(2,031,229)
Rental and cinema	(21,922)	-	(74,803)	-	(96,725)	(5,050)	(101,775)
Hotel operation		(2,216,925)	-	-	(2,216,925)	-	(2,216,925)
Gross profit	2,708,119	2,302,489	2,831,180	-	7,841,788	(373,094)	7,468,694
Operating expenses	(660,766)	(926,528)	(2,157,073)	(73,116)	(3,817,483)	618,072	(3,199,411)
Other income and expenses	478,222	32,154	6,693,834	800,285	8,004,495	(2,477,619)	5,526,876
Share in net income of associates and a joint venture	-	-	2,526,569	-	2,526,569	-	2,526,569
Interest expense and bank charges	(916)	(3,358)	(61,635)	(33)	(65,942)	-	(65,942)
Income before income tax	2,524,659	1,404,757	9,832,875	727,136	14,489,427	(2,232,641)	12,256,786
Income tax expense	(633,724)	(351,112)	(1,285,427)	(14,798)	(2,285,061)	-	(2,285,061)
Net income for the year	1,890,935	1,053,645	8,547,448	712,340	12,204,368	(2,232,641)	9,971,725
Segment assets	24,423,719	8,775,033	80,940,853	1,324,698	115,464,303	(32,872,571)	82,591,732
Associate and joint venture companies (Note 8)	-	-	-	9,250,604	9,250,604	-	9,250,604
Total assets	24,423,719	8,775,033	80,940,853	10,575,302	124,714,907	(32,872,571)	91,842,336
Segment liabilities	15,182,447	1,617,348	36,101,051	7,800,780	60,701,626	(26,165,993)	34,535,632
Capital expenditures for the year (Notes 10 and 12)	15,656	66,073	47,839	71	129,639	-	129,639

The segment assets, liabilities and results of operations of the reportable segments of the Group as at and for the year ended December 31, 2023 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	3,072,945	-	300	-	3,073,245	-	3,073,245
Rental and cinema	131,328	-	2,748,569	-	2,879,897	(339,457)	2,540,440
Hotel operation	-	4,203,092	-	-	4,203,092	-	4,203,092
Cost of sales and services							
Condominium sales	(1,233,263)	-	(228)	-	(1,233,491)	-	(1,233,491)
Rental and cinema	(21,922)	-	(56,689)	-	(78,611)	7,728	(70,883)
Hotel operation	-	(2,162,346)	-	-	(2,162,346)	-	(2,162,346)
Gross profit	1,949,088	2,040,746	2,691,952	-	6,681,786	(331,729)	6,350,057
Operating expenses	(447,785)	(875,285)	(1,322,654)	(53,031)	(2,698,755)	588,074	(2,110,681)
Other income and expenses	147,956	192,041	1,596,871	276,080	2,212,948	(1,710,382)	502,566
Share in net income of associates and a joint venture	-	-	2,460,747	-	2,460,747	-	2,460,747
Interest expense and bank charges	(316)	(33,715)	(18,080)	(8)	(52,119)	-	(52,119)
Income before income tax	1,648,943	1,323,787	5,408,836	223,041	8,604,607	(1,454,037)	7,150,570
Income tax expense	(426,668)	(333,274)	(276,781)	(4,216)	(1,040,939)	(8,074)	(1,049,013)
Net income for the year	1,222,275	990,513	5,132,055	218,825	7,563,668	(1,462,111)	6,101,557
Segment assets	18,691,978	8,389,937	63,657,448	2,104,201	92,843,564	(26,412,540)	66,431,024
Associate and joint venture companies (Note 8)	-	-	-	8,219,286	8,219,286	-	8,219,286
Total assets	18,691,978	8,389,937	63,657,448	10,323,487	101,062,850	(26,412,540)	74,650,310
Segment liabilities	11,795,753	994,521	24,765,911	7,627,521	45,183,706	(21,021,654)	24,162,052
Capital expenditures for the year (Notes 10 and 12)	7,602	72,944	37,181	115	117,842	-	117,842

The segment assets, liabilities and results of operations of the reportable segments of the Group as at and for the year ended December 31, 2022 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	2,850,803	-	-	-	2,850,803	-	2,850,803
Rental and cinema	67,965	-	2,254,360	-	2,322,325	(157,245)	2,165,080
Hotel operation	-	2,844,976	-	-	2,844,976	-	2,844,976
Cost of sales and services							
Condominium sales	(1,226,558)	-	-	-	(1,226,558)	-	(1,226,558)
Rental and cinema	(23,518)	-	(146,553)	-	(170,071)	(3,947)	(174,018)
Hotel operation	-	(1,729,476)	-	-	(1,729,476)	-	(1,729,476)
Gross profit	1,668,692	1,115,500	2,107,807	-	4,891,999	(161,192)	4,730,807
Operating expenses	(485,598)	(531,610)	(1,085,310)	(58,018)	(2,160,536)	434,390	(1,726,146)
Other income and expenses	191,743	9,696	1,597,773	244,955	2,044,167	(1,695,851)	348,316
Share in net income of associates and a joint venture	-	-	1,422,114	-	1,422,114	-	1,422,114
Interest expense and bank charges	(189)	(84,678)	(24,575)	(6)	(109,448)	-	(109,448)
Income before income tax	1,374,648	508,908	4,017,809	186,931	6,088,296	(1,422,653)	4,665,643
Income tax expense	(318,664)	(131,067)	(241,734)	(5,143)	(696,608)	19,127	(677,481)
Net income for the year	1,055,984	377,841	3,776,075	181,788	5,391,688	(1,403,526)	3,988,162
Segment assets	15,220,101	8,765,497	55,894,572	4,465,193	84,345,363	(22,463,495)	61,881,868
Associate and joint venture companies (Note 8)	-	-	-	5,748,050	5,748,050	-	5,748,050
Total assets	15,220,101	8,765,497	55,894,572	10,213,243	90,093,413	(22,463,495)	67,629,918
Segment liabilities	9,231,333	2,354,890	19,444,483	7,518,732	38,549,438	(16,855,709)	21,693,729
Capital expenditures for the year (Notes 10 and 12)	13,069	18,718	476,947	808	509,452	-	509,452

3 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2024	2023
Cash on hand	75,143	9,208
Cash in banks	1,250,293	811,706
Cash equivalents	1,846,204	587,228
	3,171,640	1,408,142

Cash in banks earned interest at prevailing bank deposit rates.

Cash equivalents are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term deposit rates.

Interest income earned for the year ended December 31, 2024 amounted to P271.8 million (2023 - P22.1 million; 2022 - P7 million) (Note 23).

The carrying amounts of the Group's cash and cash equivalents are generally denominated in Philippine Peso, US Dollar and Hong Kong Dollar. The Group's foreign currency denominated cash and cash equivalents as at December 31 are as follows:

	2024			2023		
	Foreign currency	Exchange rate	Peso equivalent	Foreign currency	Exchange rate	Peso equivalent
US Dollar	1,289	58.01	74,775	839	55.57	46,612
HK Dollar	1,091	7.47	8,150	7	7.11	50

The realized and unrealized exchange losses for the years ended December 31 included within Other income in the consolidated statement of comprehensive income are as follows:

	2024	2023	2022
Foreign exchange gains (losses)			
Realized	(19,254)	(12,303)	(9,680)
Unrealized	3,536	2,108	24,255
Total	(15,718)	(10,195)	14,575

4 Financial assets at fair value through profit or loss

This account represents equities that are listed in the Philippine Stock Exchange (PSE). Movements in the account for the years ended December 31 are as follows:

	Note	2024	2023
At January 1		35,405	31,393
Gain on fair value adjustment	23	(2,510)	4,012
At December 31		32,895	35,405

The fair values have been derived based on current bid prices in the PSE (Level 1 valuation). The fair value adjustment is included in Other Income in the statements of comprehensive income.

5 Trade and other receivables, net

Trade and other receivables, net, as at December 31 consist of:

	Note	2024	2023
Trade			
Installment contracts receivable		5,731,178	5,010,318
Rent receivables		158,039	182,365
Receivables from guests and concessionaires		181,441	120,707
Non-trade			
Related parties	27	2,351,603	1,415,010
Advances to officers and employees		4,854	5,551
Interest		5,865	1,635
Others		41,925	116,461
		8,474,905	6,852,047
Allowance for impairment of receivables		(765,285)	(13,023)
		7,709,620	6,839,024

Installment contracts receivable arises from sale of condominium units in the Group's ordinary course of business and pertains to the portion of transaction price, excluding the significant financing component. Contract receivables are collectible within a period based on the payment schedule agreed with the buyers. The related significant financing component recognized as part of revenue from condominium sales in the statement of comprehensive income amounted to P231 million.

Rent receivables pertain to rental fees charged to tenants and are non-interest bearing. The normal credit terms range from 30 to 60 days.

Receivables from guests and concessionaires pertain to receivables arising from hotel, restaurant and rental services. These are usually due within 30 days and do not bear any interest.

Advances to officers and employees are normally settled within the next financial year.

Other receivables are non-interest bearing and consist of income from non-tenant related receivables.

Movements in allowance for impairment of receivables for the years ended December 31 are as follows:

	Note	2024	2023
At January 1		13,023	21,197
Provision for related party receivable	22	751,977	-
Provision for other receivables		285	(51)
Write-off		-	(8,123)
At December 31		765,285	13,023

The Group's trade and other receivables are all denominated in Philippine Peso.

There were no trade and other receivables pledged as collaterals as at December 31, 2024 and 2023.

6 Properties held for sale

Properties held for sale as at December 31 consist of:

	2024	2023
Condominium units held for sale	371,462	303,748
Project under development held for sale	8,025,136	4,955,326
	8,396,598	5,259,074

Condominium units sold in 2024 amounted to P4.6 billion (2023 - P3.1 billion; 2022 - P2.9 billion). The related cost of condominium units sold amounted to P2.0 billion in 2024 (2023 - P1.2 billion; 2022 - P1.2 billion) (Note 20).

(a) Condominium units held for sale

This account represents the accumulated actual construction costs of unsold units of completed condominium projects. The movements in condominium units held for sale as at December 31 are as follows:

	2024	2023
At January 1	303,748	338,002
Additional development costs for the year	67,714	-
Cost of condominium units sold (excluding commissions)	-	(34,254)
At December 31	371,462	303,748

(b) Project under development held for sale

This account represents the accumulated actual construction costs of unsold units of ongoing condominium projects. The movements in this account as at December 31 are as follows:

	Note	2024	2023
At January 1		4,955,326	4,109,331
Construction and development costs incurred:			
Land cost		4,435,237	1,501
Construction cost		4,097,532	973,928
Project management expenses		878,172	326,988
Professional and consultancy fees		428,761	336,512
Taxes, permits and licenses		274,133	106,761
Insurance and bonds		83,431	48,575
Others		211,620	205,454
Transfer to investment property	10	(121,642)	(85,725)
Allocated cost of condominium units sold (excluding commissions)		(7,217,434)	(1,067,999)
At December 31		8,025,136	4,955,326

The transfers relate to construction and development costs incurred during the period attributable to the retail portion of The Rise Makati condominium (Note 10). This is considered a non-cash transaction.

Critical accounting estimate - Estimation of net realizable value of properties held for sale

Properties held for sale are carried at the lower of cost and net realizable value. The net realizable value of completed condominium units is the estimated selling price of a condominium unit less estimated costs necessary to make the sale. While the net realizable value of condominium units under construction is the estimated selling price of a condominium unit less estimated costs to complete the construction, estimated time value of money to the date of completion and estimated costs necessary to make the sale.

NRV has been assessed to be higher than cost based on circumstances or conditions as at December 31, 2024 and 2023. Accordingly, no write-down is deemed necessary.

Critical accounting estimates - Estimation of percentage-of-completion of the Group's projects

Revenue from condominium sales is recognized based on the percentage of completion in accordance with the guidance set in PFRS 15, Revenue from contracts with customers, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. PoC is calculated with reference to different determinants of completion including actual physical completion as well as cost incurred and/or paid. The process of calculating PoC involves a significant degree of estimates and requires technical assessments by experts and consultants who specializes in PoC computations. Management believes that revenue from condominium sales reported in the statement of total comprehensive income best reflects the PoC of the projects as at reporting date.

The Group's on-going projects and their PoC as at the following dates are as follows:

Projects	2024	2023
The Rise Makati	100%	100%
Shang Residences at Wack Wack	96%	81%
Shang One Horizon	50%	30%
Laya by Shang	22%	8%
Shang Summit	7%	1%
Shang Bauhinia Residences	5%	-

Critical accounting judgment - Collectability of the transaction price

Identification of a "contract" for particular real estate sale transaction in the context of PFRS 15 requires certain judgments based on the collectability of the transaction price. Collectability of the transaction price is demonstrated by the buyer's commitment to pay which, in turn, is supported by substantial initial and continuing investments that gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor his obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property. For condominium sales, in determining whether the contract prices are collectible, the Company considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay, based on historical data.

7 Prepaid taxes and other current assets

Prepaid taxes and other current assets as at December 31 consist of:

	2024	2023
Advances to contractors and suppliers	1,837,982	1,470,484
Creditable withholding tax (CWT)	664,704	471,907
Input value added tax (VAT)	512,670	331,109
Prepaid commission	132,033	3,127
Prepaid property tax	43,028	66,212
Consumables and supplies	34,578	40,429
Prepaid insurance	8,102	45,766
Deferred input VAT	5,778	2,549
Other prepaid expenses	153,678	181,891
	3,392,553	2,613,474

Advances to contractors and suppliers pertain to initial payments made by the Group for the construction and development of its condominium projects. These are applied as payments of progress billing by the contractors and suppliers based on milestones or percentage of accomplishment or delivery as stipulated in the contracts.

CWT is the tax withheld by withholding agents from payments to the Group which can be applied against income tax payable.

Prepaid commission represents the unamortized portion of commissions paid to property consultants and brokers in connection with the acquisition of customers' contracts. This account is treated as a fulfilment cost under PFRS 15 and is amortized and charged to expense based on the project's percentage of completion.

Input VAT represents tax paid to suppliers that can be claimed as credit against the future output VAT liabilities and has no expiration.

Consumables and supplies consist of food, beverages and other recreational consumable items for the hotel operations.

Other prepaid expenses mainly consist of advance payments for rent, staff accommodation rentals, software support, refundable deposits, and other expenses which are normally utilized within the next financial year.

8 Investments in and advances to associates and a joint venture

This account as at December 31 consist of:

	2024	2023
Investment in a joint venture		
At January 1	5,629,057	3,157,821
Impact of change in accounting for significant financing component and borrowing cost of joint venture	(890,855)	-
Additional investments	(4,396)	10,489
Share in net income for the year	2,526,569	2,460,747
At December 31	7,260,375	5,629,057
Advances to a joint venture	1,990,096	2,590,096
Investments in various associates	133	133
	9,250,604	8,219,286

(a) Investment in and advances to a joint venture

On March 22, 2018, the Parent Company entered into a Joint Venture Agreement (the "Agreement") with Robinsons Land Corporation (RLC) for the construction and development of a mixed-use condominium project (known as Aurelia Residences). Within two (2) months from the effective date of the Agreement, the parties shall establish the joint venture company ("JVC") and shall execute the Articles and By-Laws of the JVC. On May 23, 2018, the SEC approved the Certificate of Incorporation of Shang Robinsons Properties, Inc. (SRPI). SRPI is jointly controlled by the Parent Company and RLC, each holding 50% interest.

The registered office address of SRPI, which is also its principal place of business, is at Cyber Sigma, Lawton Avenue, Taguig City.

The authorized capital stock of SRPI is P3 billion divided into 3 billion common shares with par value of P1 per share. On April 19, 2018, the Parent Company subscribed and paid in full the amount of P1 billion equivalent to 1 billion common shares at P1 per share.

SRPI is engaged in: (i) the business of developing properties into mixed-use developments, (ii) the marketing and sale of the residential condominium units in the project, (iii) and the lease of serviced apartment units and/or commercial units in the project.

SRPI launched Aurelia Residences, it's first project, in 2019 and had since then presold 90% of its condominium units. As at December 31, 2024, the Aurelia Residences Project is 89% complete (2023 - 65%). In 2020, the Parent Company and RLC entered into another joint venture agreement to develop a parcel of land located at the Bridgetowne Estate in Pasig City. The project (known as Haraya Residences) was launched in 2023. As of December 31, 2024 Haraya Residences - South Tower is 75% sold out and 20% completed (2023 – 7%) while the North Tower is 19% completed.

In 2024, the Group's share in net income of the joint venture amounted to P2.5 billion (2023 - P2.5 billion; 2022 - P1.4 billion).

In 2019, advances amounting to P1 billion were extended to SRPI by the Parent Company. These advances matured on April 1, 2023 and bear interest at a rate of 4%. The advances were partially collected in 2023 amounting to P750 million. The remaining balance has been agreed to be collectible at a future date to be subsequently determined and agreed upon by both parties.

In 2021, an additional P1.59 billion advances was extended to SRPI with the same interest rate, as indicated above. The above advances were made to finance working capital requirements of SRPI.

Interest income earned from these advances amounted to P75.1 million in 2024 (2023 - P91.9 million; 2022 - P106.2 million) (Note 23).

Summarized financial information of SRPI as at and for the years ended December 31 are presented below:

	2024	2023
Cash and cash equivalents	241,383	676,345
Other current assets	15,642,793	12,309,276
Current assets	15,884,176	12,985,621
Non-current assets	7,174,495	8,977,186
Total assets	23,058,671	21,962,807
Financial liabilities (excluding trade payables)	2,172,357	3,082,750
Other current liabilities	406,059	433,067
Current liabilities	2,578,416	3,515,817
Financial liabilities (excluding trade payables)	3,781,693	5,988,279
Other current liabilities	2,300,199	1,331,775
Non-current liabilities	6,081,891	7,320,053
Total liabilities	8,660,307	10,835,870
Net assets	14,398,364	11,126,937
Revenue	10,799,033	10,809,146
Depreciation and amortization	1,568	833
Interest income	800,079	-
Interest expense	(200,515)	-
Income tax expense	(1,302,286)	(1,355,003)
Net income for the year	5,053,138	4,921,494
Other comprehensive income for the year	-	-
Total comprehensive income for the year	5,053,138	4,921,494

The reconciliation of SRPI's net assets multiplied by the ownership interest and the carrying amount of each investment as at December 31, are shown in the table below:

	2024	2023
Net assets	14,398,364	11,126,937
Effective ownership interest	50%	50%
	7,199,182	5,563,469
Additional investments	61,193	65,588
	7,260,375	5,629,057

(b) Investments in various associates

The Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

Critical accounting judgment - Recoverability of investment and advances

The Group's investments in associates and a joint venture are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. Management has assessed that all investments and advances are fully recoverable as there are no impairment indicators as of reporting date.

Significant accounting judgment - joint control assessment

Management has assessed that in the joint venture agreement, the contractual arrangement gives the investors control of the arrangement collectively, and decisions about the relevant activities require the unanimous consent of both entities, and therefore, joint control exists. Furthermore, the rights and obligations considering the structure and legal form of the arrangement indicates that the Parent Company has rights to the net assets of SRPI and therefore, the arrangement is classified as a joint venture.

(c) Acquisition

On October 23, 2024, The Parent Company acquired 100% of the issued share capital of Rapidshare Realty and Development Corporation (RRDC) for a cash consideration of P2,526,268,000. RRDC is a company primarily engaged in the development, sale, and lease of real estate properties. The acquisition is accounted for as an asset acquisition.

The assets and liabilities recognized as a result of the acquisition are as follows:

	Amount
Cash	40
Raw land inventory	229,806
Prepayments and other current assets	15,756
Investment property, net	385,739
Deferred tax assets, net	415
Net assets acquired	631,756

There were no acquisitions in the year ended December 31, 2023.

Purchase consideration – cash outflow

	Amount
Cash outflow, net of cash acquired	
Cash consideration	2,526,268
Less: Cash balance acquired	40
Net outflow of cash – investing activities	2,526,228

Revenue and profit contribution

The acquired business does not have material revenues and net profit for the year ended December 31, 2024.

9 Non-controlling interests

The proportion of equity interest held by the non-controlling interest (NCI) of KSA and SGCPI, the Group's subsidiaries with NCI that are deemed material, are as follows:

	2024	2023
KSA	29.96%	29.96%
SGCPI	40.00%	40.00%

The summarized financial information of subsidiaries with material NCI are provided below. The information is based on amounts before inter-company eliminations.

(a) KSA Realty Corporation

	2024	2023
Summarized statements of financial position		
Current assets	210,053	200,260
Current liabilities	317,106	360,020
Non-current assets	10,666,335	10,664,177
Non-current liabilities	2,431,615	2,362,582
Equity	8,127,666	8,141,836
Equity attributable to:		
Equity holders of the Parent Company	5,692,617	5,702,542
NCI	2,435,049	2,439,294
	8,127,666	8,141,836
Dividends declared to NCI	197,736	186,950

	2024	2023	2022
Summarized statements of comprehensive income			
Revenues	913,290	904,133	948,079
Cost and expenses	(132,978)	(141,255)	(118,057)
Other income (expense), net	12,888	2,647	(1,300)
Income before income tax	793,200	765,525	828,722
Income tax expense	(146,953)	(141,575)	(152,626)
Net income for the year	646,247	623,950	676,096
Other comprehensive income (loss) income	(417)	-	58
Total comprehensive income	645,830	623,950	676,154
Net income attributable to:			
Equity holders of the Parent Company	452,631	437,015	473,268
NCI	193,616	186,935	202,828
	646,247	623,950	676,096
Total comprehensive income attributable to:			
Equity holders of the Parent Company	452,339	437,015	473,308
NCI	193,491	186,935	202,846
	645,830	623,950	676,154

	2024	2023	2022
Summarized statements of cash flows			
Operating activities	657,650	626,656	668,835
Investing activities	(1,719)	(261)	(160)
Financing activities	(660,000)	(624,000)	(705,000)

(b) Shang Global City Properties, Inc.

	2024	2023
Summarized statements of financial position		
Current assets	1,799,592	977,511
Current liabilities	1,463,398	862,886
Non-current assets	6,983,466	7,412,525
Non-current liabilities	161,974	131,734
Equity	7,157,685	7,395,417
Equity attributable to:		
Equity holders of the Parent Company	4,294,611	4,437,250
NCI	2,863,074	2,958,167
	7,157,685	7,395,417

	2024	2023	2022
Summarized statements of comprehensive income			
Revenues	4,519,414	4,203,092	2,844,976
Cost of sales and services	(2,216,925)	(2,162,591)	(1,765,362)
Operating expenses	(907,020)	(829,387)	(478,381)
Other charges, net	9,288	112,673	(93,033)
Income before income tax	1,404,757	1,323,787	508,200
Income tax benefit (expense)	(351,112)	(333,274)	(131,067)
Net income (loss) for the year	1,053,645	990,513	377,133
Other comprehensive income (loss)	(1,376)	-	-
Total comprehensive income (loss)	1,052,269	990,513	377,133
Net income (loss) attributable to:			
Equity holders of the Parent Company	632,187	594,308	226,280
NCI	421,458	396,205	150,853
	1,053,645	990,513	377,133
Total comprehensive income attributable to:			
Equity holders of the Parent Company	631,361	594,308	226,280
NCI	420,908	396,205	150,853
	1,052,269	990,513	377,133

	2024	2023	2022
Summarized statements of cash flows			
Operating activities	910,887	1,550,803	1,256,381
Investing activities	(63,093)	136,926	(50,437)
Financing activities	(3,358)	(1,402,779)	(1,040,452)

Dividends amounting to P1.29 billion were declared and paid by SGCPI in 2024 (P0 – 2023).

10 Investment properties

This account consists of properties that are either held for capital appreciation or for rental purposes or both. The Group's investment properties are carried at fair value. Details of this account as at December 31 are as follows:

	Note	Land	Buildings	Total
At January 1, 2023		15,905,947	20,065,983	35,971,930
Transfers due to change in use from properties held for sale	6	-	85,725	85,725
Capitalized subsequent expenditures		-	1,231,618	1,231,618
At December 31, 2023		15,905,947	21,383,326	37,289,273
Transfers due to change in use from properties held for sale	6	-	121,643	121,643
Capitalized subsequent expenditures		-	4,582,794	4,582,794
Fair value gain		4,800,837	399,868	5,200,705
At December 31, 2024		20,706,784	26,487,631	47,194,415

The transfers relate to construction and development costs incurred during the period attributable to the retail portion of The Rise Makati condominium (Note 6).

Capitalized subsequent expenditures pertain to the construction and development costs incurred for Shang One Horizon project.

As at December 31, 2024 and 2023, the fair values of the properties are based on valuations performed by an independent external appraiser engaged by the management. The valuation models are in accordance with that recommended by the International Valuation Standards Committee.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The current use of these properties is their highest and best use.

The amounts recognized in the consolidated statements of comprehensive income for investment properties for the years ended December 31 are as follows:

	2024	2023	2022
Rental revenue	2,655,471	2,516,453	2,147,405
Cinema revenue	28,949	23,987	17,675
Total rental and cinema revenue	2,684,420	2,540,440	2,165,080
Cost of rental and cinema	(101,775)	(70,883)	(174,018)
Profit arising from investment properties carried at fair value	2,582,645	2,469,557	1,991,062

Cost of rental and cinema include share in common expenses, real property taxes and insurance expenses (Note 20).

The Group (as a lessor) has cancellable lease agreements with third parties covering the freehold buildings and their improvements. The lease arrangements are either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Critical accounting estimate and assumption - Determination of fair values of investment properties

Information on the fair value of investment property as at December 31 as to hierarchy is as follows:

	2024		
Fair value of hierarchy	Land	Buildings	Total
Level 2	19,198,636	21,205,309	40,403,945
Level 3	1,832,701	4,957,769	6,790,470
Total	21,031,337	26,163,078	47,194,415

	2023		
Fair value of hierarchy	Land	Buildings	Total
Level 2	10,223,517	2,995,047	13,218,564
Level 3	6,972,804	17,097,905	24,070,709
Total	17,196,321	20,092,952	37,289,273

(a) Fair value of condominium units and other properties (Level 2)

The fair values of the Group's condominium units and properties are determined using the market comparison approach (Level 2). Under the market comparison approach, a property's fair value is estimated based on comparable transactions adjusted for bargaining allowance, marketability, location, size and terrain. The market comparison approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

These investment properties relate to individually immaterial land and building properties whose fair values have been determined in the prior years and are subject to reassessment in accordance with the Group's accounting policy. For sensitivity analysis purposes, any +/- 1% change in market rental value per square meter would increase/decrease total assets and pre-tax income in 2024 by P404 million (2023 – P132 million).

(b) Fair value of retail and office spaces (Level 3)

The following table presents the valuation techniques and unobservable key inputs used to value the following investment properties:

Investment property type	Fair value as at December 31, 2024 and 2023	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Building (The Enterprise Center (Office))	P10,663,732	Direct income capitalization	Rental value	P1,680 per square meter (2023 - P1,680)	The higher the rental value and occupancy rate, the higher the fair value.
			Occupancy rate	95% (2023 - 95%)	
			Expense-revenue ratio	5.55% (2023 - 5.55%)	The higher the expense- revenue ratio and discount rate, the lower the fair value.
			Discount rate	11.37% (2023 - 11.37%)	
Land and building (Main wing and east wing of Shangri-La Plaza mall (Retail), including the land where the property is located)	P12,232,029 (Land – P 5,871,374; Building – P6,360,655)	Direct income capitalization	Rental value	P1,700 per square meter (2023 - P1,700)	The higher the rental value and occupancy rate, the higher the fair value.
			Occupancy rate	96% (2023 - 96%)	
			Expense-revenue ratio	23% (2023 - 23%)	The higher the expense- revenue ratio and discount rate, the lower the fair value.
			Discount rate	12.37% (2023 - 12.37%)	

The fair values of these properties are calculated using the direct income capitalization approach (Level 3). In applying the direct income capitalization approach, the stabilized net operating income (NOI) of each property is divided by an appropriate capitalization rate. Stabilized NOI is computed at revenue less property operating expenses adjusted for items such as average lease up costs, long-term vacancy rates, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items. Discount rate is based on actual location, size and quality of the property and considering any available market data at the valuation date.

Generally, an increase in stabilized NOI will result in an increase in the fair value of an investment property. An increase in the discount rate will result in a decrease in the fair value of an investment property. The discount rate magnifies the effect of a change in stabilized NOI, with a lower discount rate resulting in a greater impact of a change in stabilized NOI than a higher discount rate.

The following are the significant unobservable inputs:

- Rental value average rental rate per square meter paid by tenants based on the asking price in the market;
- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Occupancy rate based on current and expected future market conditions after expiry of any current lease; and
- Expense - revenue ratio total direct operating expenses for the entire property based on budget.

For sensitivity analysis purposes, any +/- 1% change in market rental value per square meter would increase/decrease total assets and pre-tax income in 2024 by P68 million (2023 - P241 million).

Critical accounting judgments

(a) Distinction between properties held for sale, investment properties, and property and equipment.

The Group determines whether a property is to be classified as a property held for sale, an investment property, or property and equipment through the following:

- Properties held for sale comprise properties that are held for sale in the ordinary course of business. These are condominium units that the Group acquired or developed and intends to sell.
- Investment properties comprise land and buildings which are not occupied, substantially for use by, or in the operations of, nor for sale in the ordinary course of business of the Group, but are held primarily to earn rental income or capital appreciation; and
- Property and equipment generate cash flows that are attributable not only to the property but also to the other assets used in the operations of the Group.

In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is to earn rentals or for capital appreciation and another portion that is held for use in the operation or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the operation or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment.

(b) Classification of leases as operating lease

The Group (as a lessor) has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

The carrying values of investment properties as at December 31, 2024 and 2023 are disclosed in the previous table.

11 Financial assets at fair value through other comprehensive income

This account consists of equity securities as follows:

	2024	2023
Unquoted securities	488,430	488,430
Quoted securities	9,101	9,101
Acquisition cost	497,531	497,531
Cumulative changes in fair value	349,237	331,937
Fair value	846,768	829,468

The fair values of the unquoted equity securities are based on the net asset value of the underlying assets of investee companies which are mainly investment properties consisting of land and buildings which are measured and carried at fair value of underlying assets. The fair value measurements have been categorized as Level 3. Estimated fair value of assets classified as Level 3 are considered not significant relative to the overall size of the Group's total assets.

The quoted equity securities consist of investments in various golf club shares and stocks. These are carried at fair values which are based on the quoted market prices (Level 1) as at the reporting date.

The cumulative changes in fair values of unquoted and quoted equity shares are presented as part of other comprehensive income in the consolidated statements of financial position.

The movements in the cumulative changes in fair value recognized as other comprehensive income in the statement of financial position for the years ended December 31 are as follows:

	2024	2023
At January 1	270,923	256,473
Gain on fair value adjustment	17,300	17,000
Deferred income tax effect	(2,595)	(2,550)
At December 31	285,628	270,923

12 Property and equipment, net

Details of property and equipment, net, as at December 31 and their movements during the years are as follows:

	Building and building improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost				
At January 1, 2024	9,609,092	62,535	7,108,417	16,780,044
Additions	13,158	15,861	102,772	131,791
Reclassification	224	-	-	224
Disposals	-	-	(13,206)	(13,206)
At December 31, 2024	9,622,474	78,396	7,197,983	16,898,853
Accumulated depreciation and amortization				
At January 1, 2024	1,731,776	46,531	4,755,672	6,533,979
Depreciation and amortization	129,913	6,682	259,750	396,345
Disposals	-	-	(11,981)	(11,981)
At December 31, 2024	1,861,689	53,213	5,003,441	6,918,343

	Building and building improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost				
At January 1, 2023	9,641,838	53,959	7,035,247	16,731,044
Additions	28,800	8,576	80,465	117,841
Disposals	(61,546)	-	(7,295)	(68,841)
At December 31, 2023	9,609,092	62,535	7,108,417	16,780,044
Accumulated depreciation and amortization				
At January 1, 2023	1,599,451	43,890	4,513,629	6,156,970
Depreciation and amortization	132,325	2,641	242,161	377,127
Disposals	-	-	(118)	(118)
At December 31, 2023	1,731,776	46,531	4,755,672	6,533,979
Net book values at				
At December 31, 2024	7,760,785	25,183	2,194,542	9,980,510
At December 31, 2023	7,877,316	16,004	2,352,745	10,246,065

Depreciation and amortization were allocated as follows:

	Note	2024	2023	2022
Cost of sales and services	20	353,537	343,121	352,667
Operating expenses		35,464	34,006	32,036
Capitalized under property held for sale		7,345	-	3,235
		396,346	377,127	387,938

The Group has no restrictions on the realizability of its property and equipment and no contractual obligations to purchase, construct or develop property and equipment or for repairs, maintenance and enhancements.

Critical accounting estimate - Useful lives of property and equipment

The useful life of each item of the Group's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimate is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease non-current assets. In 2024 and 2023, there were no changes in the estimated useful lives of property and equipment.

The Group considers it impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the estimates and assumptions considering that the asset utilization and anticipated use of assets vary. However, it is reasonably possible, on the basis of existing knowledge, that a change in the estimated useful life of an item of the Group's assets subject to depreciation brought about by changes in the factors mentioned above would impact the recorded depreciation expense and the carrying amount of the assets.

Critical accounting judgment - Impairment of non-financial assets

The Group reviews its non-financial assets, such as investments in associates and in a joint venture (Note 8) and property and equipment (Note 12), for any indicator of impairment in value. This includes considering certain factors such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If indicators of impairment have been identified, the Group determines the recoverable amount of the asset, which is the higher of the asset's fair value less costs to sell and value in use.

Given historical profitable operations and profit projections, the Group has assessed that there are no impairment indicators with respect to the non-financial assets as at December 31, 2024 and 2023.

13 Goodwill

Goodwill acquired through business combinations has been allocated to SGCPI, the CGU, for impairment testing purposes.

The recoverable amount of the CGU has been based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow is 11.05% (2023 - 6.37%). Cash flows beyond the five-year period are extrapolated using a steady growth rate of 4.75% (2023 - 6.09%), which does not exceed the compounded annual growth rate for the real estate industry. As a result of the analysis, management did not identify impairment for this CGU.

14 Other non-current assets

Other non-current assets as at December 31 consist of:

	Note	2024	2023
Advances to contractors and suppliers, noncurrent		1,233,752	1,203,589
Refundable deposits		72,111	196,663
Retirement benefit asset	24	402	13,241
Deferred input VAT		319	2,807
Other noncurrent assets		117,537	-
		1,424,121	1,416,300

Advances to contractors and suppliers

Advances to contractors and suppliers pertain to initial payments made by the Group for the construction and development of its investment property under construction. These are applied as payments of progress billing by the contractors and suppliers based on milestones or percentage of accomplishment or delivery as stipulated in the contracts.

Refundable deposits

Refundable deposits include cash required from the Group for the on-going construction and utilities maintenance. This is refundable at the end of the lease term. Refundable deposits are reflected at their carrying amounts which are assumed to approximate their fair values.

15 Accounts payable and other current liabilities

Accounts payable and other current liabilities as at December 31 consist of:

	Notes	2024	2023
Trade:			
Accounts payable		666,894	1,012,735
Advance rentals	29	181,022	207,672
Accrued expenses:			
Construction		467,989	728,275
Employee benefits		209,149	198,268
Commission		156,541	52,493
Titling cost		100,702	120,955
Outside services		88,943	89,402
Utilities		30,468	36,943
Professional fees		16,871	6,945
Repairs and maintenance		11,254	16,004
Advertising and promotion		2,351	2,119
Taxes		-	21,111
Others		625,422	430,404
Retention payables		761,057	496,407
Customers' deposits from:			
Condominium buyers		528,404	301,814
Hotel guests		198,868	169,309
Advances from condominium unit buyers		58,535	58,498
Construction bonds		78,172	73,695
Contract liabilities		222,150	52,272
Payable to contractors and suppliers		842	51
Reservation payables		35,306	134,056
Non-trade:			
Deferred output VAT		5,898	45,518
Payable to related parties	27	176,282	81,889
Payable to government agencies		69,946	47,158
Output VAT		263,972	778,843
Others	28	383,700	159,645
		5,340,738	5,322,481

Accounts payable and accrued expenses are non-interest bearing and are normally settled within 30 to 60 days and within the next financial year, respectively.

Advance rentals pertain to the three-month rent collected from tenants to be applied to the last three (3) months of the lease term.

Retention payables represent the portion of contractor billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until the defects have been corrected.

Customers' deposits from condominium buyers represent initial collections (e.g. down payments) received from the buyers which shall be applied as payment of the transaction price when the sales contract meets the requirements of PFRS 15 for revenue recognition purposes while deposits from hotel guests are advances made by guests in relation to their stay in the hotel and will be applied against the guests' hotel charges upon their check-out.

Advances from condominium unit buyers mainly pertain to amounts collected from buyers upon unit turnover, which are intended to pay for expenses incurred in process of transferring title to the buyers, utility deposits and real property taxes during titling period. These amounts are liquidated after title has been transferred to the buyer and any excess is refunded to the buyer.

Construction bonds pertain to cash deposits posted by tenants as security for any expenses or damages that may be incurred by SLPC to the leased premises or common areas that may be sustained in relation to construction activities conducted by the tenants during fit-out, as well as during renovation period of the lease. It is normally returned to the tenants within six months after completion of their construction activities.

Contract liabilities represent any excess collections received from buyers over the revenue recognized based on the percentage of completion method. The amount is expected to be applied against revenue in the following year.

Payable to contractors and suppliers represents progress billings from various contractors for the material and labor costs incurred to date with normal credit terms of 30 to 60 days, but may go beyond as agreed.

Reservation payables pertain to cash paid by the buyers of condominium units for the reservation of the units purchased. These shall be considered as part of the down payment on the units purchased upon execution of the contracts or income if the reservation is forfeited when the buyer did not push through with the purchase.

Deferred output VAT is the result of the difference in the application of installment method between the accounting policy of the Group and the tax regulations. It will be reclassified to output VAT payable when the collections from condominium unit buyers warrant recognition of revenue.

Payable to government agencies are expected to be settled within the next financial year.

Output VAT represents tax due and payable after deducting the corresponding input VAT.

Other accrued expenses consist of accruals for advertising and promotions, insurance, other employee related costs and other general and administrative expenses. Other current liabilities pertain mainly to taxes and insurance.

16 Bank loans

Bank loans, net of debt issue costs, as at December 31 consist of:

	2024	2023
Current portion	11,055,000	10,115,000
Non-current portion	7,040,000	-
	18,095,000	10,115,000

Movements in the bank loans as at December 31 are as follows:

	2024	2023
At January 1	10,115,000	8,306,192
Amortized debt issue cost	-	3,808
Proceeds from loan availments	8,740,000	3,175,000
Payments	(760,000)	(1,370,000)
At December 31	18,095,000	10,115,000

The repayments of the above bank loans are scheduled as follows:

Year	2024	2023
2024	10,115,000	10,115,000
2029	68,700	-
2030	68,700	-
2031	68,700	-
2032	68,700	-
2033	68,700	-
2034	6,696,500	-
	18,095,000	10,115,000

Total interest expense arising from these loans as shown in the consolidated statements of comprehensive income in 2024 amounted to P28.5 million (2023 - P34 million; 2022 - P99.3 million) (Note 23). Total capitalized interest amounted to P958 million in 2024 (2023 - P429 million; 2022 - P231 million) and was included as part of investment properties (Note 10). The capitalization rate used to determine the amount of capitalized interest which is the weighted average interest rate applicable to the Group's general borrowings during the year is 5.65% (2023 - 5.8%).

Bank loans of the Parent Company as of December 31 consist of unsecured short-term and long-term loans. These are composed of unsecured short-term loans from various banks with interest rates ranging from 6.0% to 6.4% (2023 - 6.0% to 6.4%). The short-term loans have payment terms of 3 to 12 months (2023 - 3 to 12 months).

On August 28, 2024, the Parent Company and the Bank of the Philippine Islands (BPI) entered into a loan agreement wherein BPI agreed to provide a ten-year term loan with principal amount not exceeding P15 billion to finance construction and development costs, capital expenditures, refinancing of existing debts and other general corporate purposes. The applicable interest rates are either the floating interest rate or the fixed interest rate, to be applied to each drawdown at the option of the Company.

As of December 31, 2024, the total cumulative amount of drawdown amounts to P7.04 billion.

Under the terms of the borrowing facility with BPI, the Company is required to comply with the financial covenant of maintaining its debt-to-tangible net worth ratio below 3:1. This is calculated by dividing the carrying amount of bank loans with the total assets less intangible assets and total liabilities in the statement of financial position. The Company has complied with this covenant throughout the reporting period.

17 Deposits from tenants

This account represents non-interest-bearing rental deposits from tenants. Deposits from tenants is based on the present value of estimated future cash flows using applicable market rates at reporting date. The difference between the discounted and face value of the deposits is recognized as deferred lease income. Deferred lease income is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent income. Interest is accreted on the deposits from tenants using the effective interest rate method and is recognized as additional interest expense in profit or loss.

Details of deposits from tenants as at December 31 and their movements during the years are as follows:

	2024	2023
At January 1	1,030,817	1,005,279
Net additions	9,258	8,221
Accretion of interest	32,320	17,317
	1,072,395	1,030,817

	2024	2023
Current portion	570,017	710,830
Non-current portion	502,378	319,987
	1,072,395	1,030,817

Details of deferred lease income as at December 31 and its movement during the years are as follows:

	2024	2023
At January 1	36,404	42,197
Additions	54,273	13,900
Amortization	(33,718)	(19,693)
At December 31	56,959	36,404

	2024	2023
Current portion	27,176	11,566
Non-current portion	29,783	24,838
	56,959	36,404

18 Equity

(a) Share capital, share premium and treasury shares

Details of share capital and share premium at December 31, 2024 and 2023 are as follows:

	Absolute number of shares	Amount
Authorized, at P1 par value per share		
Common shares	8,000,000,000	8,000,000
Issued and outstanding shares		
Common shares	4,764,058,982	4,764,059
Share premium		834,440
		5,598,499

In 2007, the Parent Company repurchased 2,140,645 common shares at a price of P3.20 per share or a total of P6.9 million and the amount is presented as treasury shares in the consolidated statements of financial position.

The Parent Company is listed in the Philippine Stock Exchange (PSE). It was registered on June 13, 1991 with total listed shares of 4,764,058,982 which was initially issued at P1.18 per share. There were no subsequent listings since the initial listing with PSE.

As at December 31, 2024, the Parent Company has 5,127 shareholders (2023 - 5,127). The details of the Parent Company's shareholders are disclosed in the annual report.

(b) Other comprehensive income

Details of other comprehensive income at December 31 are as follows:

	Cumulative changes in fair value of financial assets at FVOCI (Note 11)	Cumulative translation adjustments	Remeasurement of retirement benefit plan (Note 24)	Total other comprehensive income
Balances at January 1, 2022	257,284	(1,628)	13,151	268,807
Other comprehensive income (loss)	(811)	2,717	3,626	5,532
Balances at December 31, 2022	256,473	1,089	16,777	274,339
Other comprehensive income (loss)	14,450	6,627	(5,703)	15,374
Balances at December 31, 2023	270,923	7,716	11,074	289,713
Other comprehensive income (loss)	14,705	-	(2,551)	12,154
Balances at December 31, 2024	285,628	7,716	8,523	301,867

(c) Retained earnings

As at December 31, 2024, total unrestricted retained earnings of the Parent Company amounted to P30.3 billion (2023 - P24.4 billion). The Parent Company's unrestricted retained earnings exceeded its share capital by P24.3 billion (2023 - P18.4 billion). The excess retained earnings include accumulated fair value gain of P13.77 billion (2023 - P9.87 billion) which are not considered available for dividend declaration.

The management of the Parent Company plans to use the excess retained earnings to support the Parent Company's working capital requirements, planned business growth and expansion strategies. Further the Parent Company annually declares dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008 (Note 19).

19 Dividends

The Parent Company annually declares dividends in compliance with SEC Memorandum Circular No. 11, Series of 2008. The Parent Company's Board of Directors approved the declaration of the following cash dividends for the years ended December 31 and until the approval of these financial statements.

2025				
March 12, 2025	March 28, 2025	April 11, 2025	0.183	869,917
2024				
March 19, 2024	April 4, 2024	April 15, 2024	0.155	739,385
August 28, 2024	September 16, 2024	September 26, 2024	0.134	640,289
				1,379,674
2023				
March 22, 2023	April 11, 2023	April 21, 2023	0.155	738,097
August 17, 2023	September 8, 2023	September 22, 2023	0.134	640,000
				1,378,097
2022				
March 24, 2022	April 8, 2022	April 20, 2022	0.070	333,234
August 31, 2022	September 15, 2022	September 27, 2022	0.095	452,382
				785,616

Cash dividends paid during 2024 amount to P1.4 billion (2023 - P1.4 billion; 2022 - P786.3 million). These include payments to non-controlling shareholders of subsidiaries amounting to P713 million (2023 - P186.8 million; 2022 - P211.2 million).

20 Cost of sales and services

The components of cost of sales and services for the years ended December 31 are as follows:

(a) Cost of condominium sales

	Note	2024	2023	2022
Construction cost		1,308,005	824,441	680,467
Land cost		154,158	406,156	175,493
Commission expense		152,401	155,669	117,418
Project management		140,018	42,838	161,090
Permits and other expenses		86,046	(272,922)	33,017
Design and professional fees		51,267	19,576	38,773
Sales and marketing expense		19,775	979	14,435
Titling Cost		13,790	56,702	5,755
Makati Commercial Estate Association (MACEA) fees		3,575	-	80
Insurance		829	52	30
Others		101,365	-	-
	6	2,031,229	1,233,491	1,226,558

(b) Cost of rental and cinema

	Note	2024	2023	2022
Real property taxes		85,063	80,030	81,626
Insurance		43,014	37,217	36,102
Share in common expenses		(26,302)	(46,364)	56,290
	10	101,775	70,883	174,018

(c) Cost of hotel operations

	Note	2024	2023	2022
Food and beverages		955,345	935,365	402,036
Utilities and maintenance		485,266	496,932	379,480
Depreciation and amortization	12	353,537	343,121	352,667
Staff costs		274,000	249,191	278,675
Property tax and insurance		-	-	108,193
Supplies		-	-	62,556
Others		148,777	137,737	145,869
		2,216,925	2,162,346	1,729,476

Others consist of telephone, fax, postage, subscriptions, publications, and hotel guest entertainment expenditures.

21 Staff costs

The components of staff costs for the years ended December 31 are as follows:

	Note	2024	2023	2022
Salaries and wages		531,349	499,226	526,014
Employee benefits		98,840	54,549	28,514
Retirement benefits costs	24	90,708	37,362	36,032
Others		19,579	43,694	12,691
		740,476	634,831	603,251

22 Other operating expenses

The components of other operating expenses for the years ended December 31 are as follows:

	2024	2023	2022
Advertising	500,522	415,344	211,967
Janitorial, security and other services	251,744	337,176	40,885
Professional fees	120,082	70,824	180,167
Commission	101,112	30,923	2,502
Condominium dues	61,956	66,735	43,763
Systems license and maintenance	58,750	37,487	103,789
Utilities	43,849	43,813	40,787
Donations	41,480	51,050	168,442
Repairs and maintenance	16,042	21,529	15,693
Rent	10,959	7,915	1,548
Transportation and travel	10,119	8,923	3,382
Telephone and communication	9,949	10,615	10,017
Supplies	9,972	7,625	7,162
Carpark expense	5,436	2,206	6,730
Entertainment, amusement and recreation	3,837	3,507	2,259
Reproduction charges	3,661	2,444	1,190
Membership fees and dues	3,434	2,350	4,545
Gas and oil	1,582	2,673	2,500
Provision (recovery of) for doubtful accounts	285	(51)	157
Subscriptions, books and manuals	199	215	29
Others	123,294	87,135	63,105
	1,378,264	1,210,438	910,619

Donations in 2022 were made to accredited donor institutions to support various feeding programs, livelihood projects, and typhoon relief operations.

Systems license and maintenance in 2022 pertains to IT related management and license fees under the hotel operations.

Rent pertains to payments associated with short-term leases.

Others mainly pertain to credit card service fees under the hotel operations.

23 Finance income, other income, and finance costs

The components of interest income, other income, and interest expense and bank charges for the years ended December 31 are as follows:

(a) Finance income

	Notes	2024	2023	2022
Interest arising from:				
Advances to a joint venture	8	75,148	91,882	106,193
Cash in banks and cash equivalents	3	40,646	22,141	7,063
Overdue accounts from tenants		9,021	10,745	27,480
Installment contracts receivable	5	-	-	92,399
Others		-	461	-
		124,815	125,229	233,135

(b) Other income, net

	Note	2024	2023	2022
Dividend income		53,744	8,168	668
Administration and management fee		82,491	74,235	44,614
Forfeited security deposits		13,144	111,883	12,278
Other rental revenue		5,026	9,337	1,874
Signage fee		19,195	7,308	6,823
Banner income		3,080	246	-
Gain on sale of property and equipment		265	1,313	374
Income from ancillary services		9,987	189,464	3,734
Income from back-out buyers		22	-	12,417
(Loss) gain on fair value adjustments of financial assets at fair value through profit or loss	4	(2,510)	4,012	577
Others		32,631	(18,434)	17,246
		217,075	387,532	100,605

Others in 2024 pertains to reversal of outstanding accruals for various operating expenses of the Group.

(c) Finance costs

	Notes	2024	2023	2022
Interest expense on bank loans	16	28,451	33,715	99,307
Accretion of interest on deposits from tenants	17	35,678	17,317	9,205
Bank charges		1,813	1,087	936
		65,942	52,119	109,448

24 Retirement benefit liability

The Group, except SGCPI, has a funded, non-contributory defined benefit plan, providing death, disability and retirement benefits for all of its regular employees. Under this plan the normal retirement age is 60 years old and completion of at least five (5) years of service. Normal retirement benefit consists of a lump sum benefit equivalent to 125% of the employee's final pay for every year of service.

The funds are administered by a trustee. The trustee bank is responsible for investment of the assets. The Pension Fund Board defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes into account the plans objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy).

The retirement benefit obligation is determined using the “Projected Unit Credit Cost” (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year.

The actuarial present value of the retirement benefit obligation under the plan is measured in terms of actuarial assumptions for discount rate, salary increases, retirement rates and mortality using the 2017 Philippine Intercompany Mortality Table. The discount rates used is a single weighted average rate based on rates as published in the Bankers Association of the PHP BVAL at various tenors. Rate for intermediate durations were interpolated. The rates were then weighted by the expected benefit payments at those durations to arrive at the single weighted average discount rate. The plan typically exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(a) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan's investments are in the form of investments in debt instruments and cash deposits to universal and commercial banks. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets is invested in investments in debt instruments and cash deposits to universal and commercial banks.

(b) Interest rate risk

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using single weighted average rate based on PHP-BVAL rates. A decrease in rate will increase the defined benefit obligation. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the Group. However, the Group believes that due to the long-term nature of the pension benefit obligation, the investment holdings of the plan is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(c) Longevity risk

The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the retirement benefit obligation.

(d) Salary risk

The present value of the defined benefit plan obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the retirement benefit obligation.

The management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the plans. The Group's current strategic investment strategy mainly consists of treasury notes and bonds accounting for 99% of the total plan assets.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The Group's plan assets consist of investment in debt instruments and cash in banks. The Group believes that equities offer the best returns over the long term with an acceptable level of risk.

The actuarial valuation of the Group's retirement plan was performed by an independent actuary. The latest actuarial valuation report prepared was for the year ended December 31, 2024. The principal assumptions used by the actuary for the years ended December 31 are as follows:

	2024	2023	2022
Discount rate	6.12%	7.10%	7.10%
Salary increase rate	5.00%	5.00%	5.00%

The retirement benefit assets and liabilities recognized in the consolidated statements of financial position as part of “other non-current assets” and “retirement benefit liability” amount to P11.2 million and P171.2 million, respectively (2023 - P13.2 million and P126.9 million, respectively).

The net defined benefit obligation as at December 31 is determined as follows:

	2024	2023
Present value of defined benefit obligations	392,566	318,936
Fair value of plan assets	(232,500)	(205,237)
Retirement benefit liability	160,066	113,699

The components of retirement expense for the years ended December 31 recognized in the consolidated statements of total comprehensive income included under staff costs account are as follows:

	Note	2024	2023	2022
Current service cost		35,634	34,003	34,472
Past service cost		52,537	-	-
Net interest cost		2,537	3,359	1,560
Pension expense	21	90,708	37,362	36,032

Changes in the present value of the defined benefit obligation for the years ended December 31 are as follows:

	2024	2023
At January 1	318,936	261,441
Interest cost	35,716	18,999
Current service cost	35,634	34,003
Past service cost	52,537	-
Benefits paid directly by the Group	(47,743)	(3,112)
Remeasurement losses (gains) from:		
Experience adjustments	(1,170)	1,999
Changes in financial assumptions	(1,344)	5,606
At December 31	392,566	318,936

Changes in the fair value of plan assets for the years ended December 31 are as follows:

	2024	2023
At January 1	205,237	189,597
Interest income	33,179	15,640
Losses on plan assets	(5,916)	-
Benefits paid from plan assets	-	-
At December 31	232,500	205,237

Apart from the benefit payments to certain qualified employees advanced by the Group and the contributions to the plan as presented above for the years ended December 31, 2024 and 2023, the Group had no other transactions with the plan.

Details of plan assets as at December 31 are as follows:

	2024	2023
Cash in banks	1	45
Money market deposits and trust funds	14	2,069
Investments in equity	230,775	13,891
Investments in debt instruments:		
Treasury notes and bonds	1,270	150,398
Corporate notes and bonds	440	38,834
	232,500	205,237

At December 31, 2024 and 2023, the Group's plan assets (investment in debt instruments) are determined by reference to published price quotations in an active market (classified as Level 1 in the fair value hierarchy).

There are no plan assets invested in related parties as at and for the years ended December 31, 2024 and 2023.

Expected contribution to post-employment benefit plans for the year ending December 31, 2025 amounts to P84.6 million.

The weighted average duration of the defined benefit obligation is 8.27 years.

Expected maturity analysis of undiscounted retirement benefits as at December 31 are as follows:

	2024	2023
Less than a year	93,769	69,808
Between one and five years	129,352	119,139
Over five years	903,770	1,173,172
	1,126,891	1,362,119

Critical accounting estimate - Determining retirement benefit obligation

The Group maintains a qualified defined benefit retirement plan. The calculations of retirement costs of the Group are dependent upon the use of assumptions, including discount rates, expected return on plan assets, interest cost, future salary increases, benefits earned, mortality rates, the number of employee retirements, the number of employees electing to take lump-sum payments and other factors.

Actual results that differ from assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. While the Group believes that the assumptions used are reasonable, differences in actual experience or changes in assumptions may materially affect the Group's retirement obligation and future expense.

In determining the long-term rates of return, the Group considers the nature of the plans' investments, an expectation for the plans' investment strategies, historical rates of return and current economic forecasts. The Group evaluates the expected long-term rate of return annually and adjusts such rate as necessary.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as follows:

	Increase (decrease)	
	2024	2023
Discount rate		
Increase by 1.0%	(16,740)	(15,709)
Decrease by 1.0%	18,853	11,262
Salary increase rate		
Increase by 1.0%	20,531	13,342
Decrease by 1.0%	(18,552)	(8,895)

The sensitivity is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit asset/liability recognized within the consolidated statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior years.

25 Income taxes

The components of income tax expense (benefit) for the years ended December 31 follows:

	2024	2023	2022
Current	848,440	457,727	360,309
Deferred	1,436,621	591,286	317,172
	2,285,061	1,049,013	677,481

Deferred income tax assets and liabilities as at December 31 consist of:

	2024	2023
Deferred income tax assets:		
Net operating loss carry over (NOLCO)	100,850	174,421
Advance rentals	46,276	51,918
Retirement benefit liability	22,356	31,146
Accrued expenses	32,532	28,326
Guest and banquets prepayments and deposits	32,441	46,050
Deferred lease income	28,663	17,585
Minimum corporate income tax (MCIT)	4,310	47,114
Unamortized funded past service cost	6,035	5,951
Allowance for doubtful accounts	277,496	1,199
Difference in profit, installment method versus PoC method	44,533	1,065
Unrealized loss on foreign exchange	2,017	1,034
Others	601	292
	598,110	406,101
Deferred income tax liabilities:		
Unrealized increase in fair value of investment property	(8,209,599)	(6,728,705)
Difference in profit, installment method versus PoC method	(891,458)	(741,571)
Unrealized increase in fair value of FVOCI	(52,705)	(50,245)
Interest income	(75,931)	(34,174)
Difference between cost of condominium sales for accounting and income tax purposes	(33,601)	(33,601)
Rent income per PFRS 16/PAS 17	-	(8,900)
Unrealized gain on foreign exchange	(30)	(125)
	(9,263,324)	(7,597,321)
Net deferred income tax liabilities	(8,665,214)	(7,191,220)

The balances of deferred income tax assets and liabilities presented in the consolidated statements of financial position are netted on a per entity basis as follows:

	2024	2023
Deferred income tax assets	172,741	224,928
Deferred income tax liabilities	(8,837,955)	(7,416,148)
	(8,665,214)	(7,191,220)

Realization of the future tax benefits related to the deferred income tax assets is dependent on many factors, including the Group's ability to generate taxable income in the future. The Group's management believes that the related future tax benefit will be realized.

Movements in net deferred income tax liabilities for the years ended December 31 are as follows:

	2024	2023
At January 1	(7,191,220)	(6,600,069)
Charged to profit or loss	(1,436,622)	(590,891)
Charged to other comprehensive income	(37,372)	(260)
At December 31	(8,665,214)	(7,191,220)

The details of deferred income tax assets on NOLCO at December 31 which could be carried over as deductible expense from taxable income for three (3) consecutive years following the year of incurrence are as follows:

Year incurred	Year of expiry	2024	2023
2020	2025	2,129,122	2,098,315
2021	2026	366,091	363,933
2022	2027	239,155	236,817
2023	2026	157,432	152,292
2024	2027	55,439	-
		2,947,239	2,851,357
Applied		(1,695,328)	(1,371,740)
		1,251,911	1,479,617
Deferred tax at 25%		312,878	326,413
Deferred tax at 20%		54	43,480
		312,932	369,893
Recognized		100,850	174,421
Unrecognized		212,082	195,472
		312,932	369,893

A reconciliation of the income tax expense computed at the statutory income tax rate and the effective income tax expense as shown in the consolidated statements of comprehensive income for the years ended December 31 follows:

	2024	2023	2022
Tax at statutory rate of 25%	3,064,197	1,787,642	1,166,411
Additions (reductions) to income tax resulting from:			
Non-deductible expenses	47,548	12,427	73,935
Unrecognized NOLCO	(5,559)	5,194	41,077
MCIT	986	4,927	0.1
Unrecognized other deferred tax	9,696	-	-
Tax difference for entities subject to 20% statutory rate	1	3	-
Dividend income	(1,297)	(2,042)	-
Interest income subjected to final tax	(6,585)	(6,676)	(29,304)
Other non-taxable income	(93,343)	(64,093)	(130,842)
Difference between itemized and optional standard deductions (OSD)	(98,941)	(73,182)	(88,268)
Share in net income of associates and a joint venture	(631,642)	(615,187)	(355,528)
Effective income tax expense	2,285,061	1,049,013	677,481

Income tax payable amounted to P293.1 million as at December 31, 2024 (2023 - P44.3 million).

Critical accounting judgment - Income tax

A certain degree of judgment is required in determining the provision for income taxes, as there are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognizes liabilities for tax audit issues when it is probable. The liabilities are based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Further, the Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. The Group expects to generate sufficient future taxable profits to allow all of its recognized deferred tax assets to be utilized.

26 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares in issue during the year.

Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

The computations of basic and diluted earnings per share for the years ended December 31 are as follows:

	2024	2023	2022
Net income attributable to the shareholders of Parent Company	9,356,554	5,518,419	3,634,479
Divided by the average number of outstanding common shares	4,764,059	4,761,918	4,761,918
Basic and diluted earnings per share	1.964	1.159	0.763

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

27 Related party transactions

In the normal course of business, the Group transacts with companies which are considered related parties. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group.

The transactions and outstanding balances of the Group with its related parties as at and for the years ended December 31 are as follows:

	2024		2023		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	
Affiliates					
Rental income (a) (Note 5)	121,119	35,008	119,317,640	36,550	Balances to be collected in cash and are due generally within 30 to 60 days. These are non-interest bearing and are not covered by any security.
Affiliates					
Management services (b)	40,640	66,406	33,078,396	55,245	Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.
Reimbursed expenses (f)	39,877	2,907	8,291,528	2,410	
Affiliates share in Group's expenses (f)	2,869,160	1,096,072	801,847,711	169,598	
Advances (d)	-	1,144,188	-	1,144,188	
Associates					
Associates' share in Group's expenses (g)	4	7,022	2,500	7,019	Balances to be collected in cash and are due generally within 30 days. These are non-interest bearing and are not covered by any security.
Total (Note 5)		2,351,603		1,415,010	
Affiliates					
Marketing, management and other service fees (c)	-	(20,783)	126,090,453	(34,533)	Balances are to be settled in cash and are generally due within 30 days. These balances are non-interest bearing and not covered by any guarantee.
Condominium dues (e)	5,313	(14,978)	59,827,134	(9,665)	
Group's share in affiliates' expenses (g)	5,168	(140,521)	370,049,652	(37,691)	
Total (Note 15)		(176,282)		(81,889)	

Affiliates pertain to entities that have common directors or key management personnel.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Board, with at least a majority of the independent directors voting to approve the material related party transaction. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Parent Company. For aggregate related party transactions within a twelve-month period which breaches the materiality threshold of ten percent (10%) of the Group's total assets, the same board approval shall be required for the transaction that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction shall abstain from participating in the discussions and voting for the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

Significant agreements with related parties are as follows:

(a) A portion of the Parent Company's land is being leased by ESHRI, where the EDSA Shangri-La, Manila is located. The lease is for a period of 25 years commencing on August 28, 1992 and renewable for another 25 years at the option of ESHRI. On August 16, 2017, the agreement was renewed by ESHRI for another 25 years until August 27, 2042. Rental revenue is based on a fixed percentage of ESHRI's room, food and beverage, dry goods and other service revenue.

(b) Shang Property Management Services, Inc. (SPMSI) provides certain administrative services to The Enterprise Center Condominium Corporation (TECCC), St. Francis Shangri-La Place Condominium Corporation (TSFSPCC), The Shang Grand Tower Condominium Corporation (TSGTCC), and One Shangri-La Place Condominium Corporation (OSPCC) for a minimum period of five years starting January 7, 2009, April 1, 2010, January 7, 2007, and January 1, 2015 respectively. As consideration, SPMSI shall receive from TECCC, TSGTCC, TSFSPCC, and OSPCC monthly service fees of P400,000, P100,000, P100,000, and P250,000 respectively, inclusive of VAT, with an escalation rate of 5% to 10% per annum. The parties mutually agreed to renew the agreements for another 5 years upon expiration.

(c) SGCPI entered into a License Agreement with Shangri-La International Hotel Management Limited (SLIM-BV) for the use of intellectual property rights over Shangri-La's policies, practices, procedures, and guidelines affecting different aspects of operations of the Shangri-La chain of hotels. The agreement is for 10 years commencing on the opening date, March 1, 2016, renewable for another 10 years at the option of either parties and subject to the approval of the Bureau of Patents, Trademarks and Technology Transfer of the Republic of the Philippines and applicable authorities. In consideration for such access and use, SGCPI pays SLIM-BV license fees and royalties. License fees paid to SLIM-BV is equivalent to $100 per annum while royalties are computed at 3% of the gross operating revenue per annum payable within 30 days of the end of each calendar month.

    Further, in 2016, SGCPI entered into a Marketing and Reservations Agreement with SLIM, whereby the related party acting as an independent contractor of SGCPI provides marketing, communication, and reservation services to promote SGCPI. The agreement is for a period of 10 years commencing on the opening date, March 1, 2016, renewable for another 10 years at the option of either parties. Under this agreement, SLIM shall act solely for the account of SGCPI, and all expenses incurred shall be borne by SGCPI. As a consideration for such services, SGCPI shall pay SLIM an amount equivalent to a certain percentage of gross operating revenue. Other charges include reservation, loyalty program, communication, and other group services fees. The basis of these various charges is stipulated in the Marketing and Reservations Agreement.

(d) The outstanding balance as of December 31, 2023, and 2022 amounting to P1.1 billion represents cash advances made by Classic Elite Holdings Limited from the Parent Company for working Capital and project development. In 2024, the Company recognized provision for impairment of these receivables amounting to P752 million.

(e) Condominium dues charged by TSFSPCC and TECCC to Parent Company, KSA, SPDI and SPRC.

(f) Reimbursement of expenses paid by SLPC for ESHRI.

(g) Certain other general and administrative expenses are initially paid for by the Group/affiliate and are subsequently reimbursed by the affiliate/Group to whom such payment was intended for.

There were no write-offs or provisions made in relation to related party transactions and balances not eliminated during consolidation as at and for the years ended December 31, 2023.

The following are the significant transactions and outstanding balances with retirement fund and key management personnel as at and for the years ended December 31:

	2024		2023		
	Transactions	Outstanding receivables (payables)	Transactions	Outstanding receivables (payables)	Terms and conditions
Salaries and other short-term employee benefits	158,646	-	131,878	-	Settled in cash; payable within the current year.
Post-employment benefits	56,701	-	4,275	-	Refer to Note 24.

There were no stock options or other long-term benefits provided in 2024 and 2023 nor amounts due to/from key management personnel as at December 31, 2024, and 2023.

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

	2024	2023	2022
At December 31			
Trade and other receivables	28,162,834	22,835,823	19,447,708
Accounts payable and other current liabilities	24,982,170	19,049,999	15,659,384
For the years ended December 31			
Rental revenue	368,044	339,457	157,246
Cost of sales and services	-	7,728	3,946
Operating expenses	613,021	588,074	434,390
Other income	(99,822)	16,669	176,131
Dividend income	2,577,257	1,727,050	1,871,982

The Parent Company and its subsidiaries are a party to significant agreements with related parties as follows:

(a) A portion of the Parent Company's land where the Shangri-La Plaza Mall is located is being leased to SLPC. The lease is for a period of 25 years from January 6, 1993, and subsequently renewed for another 5 years until January 6, 2023. On October 20, 2022, the agreement was renewed by both parties for another 5 years until January 6, 2028. Rental revenue is based at 20% of the Company's annual rental income from the Main Wing's mall and cinema operations plus 50% of the rental income from carpark building's retail spaces. Rental revenue of the Parent Company amounted to P372 million in 2024 (2023 - P347 million; 2022 - P170 million).

    On January 16, 2002, SPSI entered into an agreement with the Company and SLPC. Under the agreement, SPSI is granted limited usufructuary rights over the parking spaces of the Company and SLPC for a consideration equivalent to 95% of SPSI's gross revenue less direct and indirect expenses relating to the Company's parking facilities. In 2009, the parties have revised the terms to reduce the consideration to 94%. The agreement is effective until December 31, 2002 and shall be renewed automatically on a yearly basis.

(b) SPRC and SLPC entered into a memorandum of agreement whereby SLPC will operate the mall establishment and constitute it as the East Wing of the Shangri-La Plaza Mall. The lease is for a period of five years from October 1, 2013 and renewable upon mutual agreement by the parties. Rental revenue is based on a certain percentage of SLPC's annual rental revenue from the mall operations.

(c) On January 1, 2009, SPSI entered into an agreement with KSA, whereby SPSI is to manage and operate the parking slots of KSA. The agreement is renewable upon mutual agreement by the parties. The monthly gross parking revenue, less applicable VAT, is shared between KSA and SPSI at 75% and 25%, respectively.

(d) KSA entered into a management agreement with SPMSI for a monthly fee of P150,000 with 10% annual escalation for a period of five years starting March 2008. The parties agreed mutually on the renewal of the agreement. SPMSI shall provide on-site property leasing management including head office support services and periodic audit to ensure compliance with international practices; perform staff recruitment, training and performance evaluation; and perform financial management, including billing and collection and budget provisioning.

(e) In 2011, SPDI obtained an unsecured, noninterest-bearing loan from SHIL amounting to P2.3 billion, payable on demand. As at December 31, 2024 and 2023, this loan is still outstanding.

(f) The Parent Company's dividend income from declarations of its subsidiaries are as follows:

	2024	2023	2022
SGCPI	773,994	-	-
SLPC	575,000	700,000	300,000
KSA	462,264	437,050	493,782
SGCHI	391,421	-	-
SFBHI	374,578	-	-
KRC	-	280,000	420,000
TRDCI	-	280,000	420,000
SPDI	-	15,000	-
SPRC	-	10,000	-
SPSI	-	5,000	2,500
SWWPI	-	-	220,000
SPMSI	-	-	15,700
	2,577,257	1,727,050	1,871,982

The receivables and payables between related parties, except for those arising from reimbursement of expenses and those that are unsecured and noninterest bearing which are payable on demand, have normal credit terms of 30 to 90 days, but may go beyond as agreed.

28 Provisions and contingencies

In 1993, a complaint was initially filed before the Regional Trial Court (RTC) - Pasig by the principal contractor of the Shangri-La Plaza Mall against the Parent Company and the Board for the recovery of the balance of alleged unpaid construction work, compensatory and moral damages, legal fees and litigation costs totaling about P122 million, exclusive of interest.

In 1998, the parties underwent arbitration which resulted in promulgation in 2007 of the Arbitral Tribunal to award to the principal contractor the sum of P38.5 million, net of the award to Parent Company amounting to P8.4 million. Subsequently, this decision was appealed by both parties to the Court of Appeals (CA) who resolved in 2009 to award P24.5 million to the principal contractor, unpaid progress billings based on the original scope of work, and denied the Parent Company of its motion for partial reconsideration. In 2009, both the Parent Company and the Principal Contractor filed a Petition for Review in Certiorari to the Supreme Court, where the Parent Company prayed for a reversal of the decision of the CA and for payment of liquidated damages by the Principal Contractor while the Principal Contractor filed a motion to modify the decision of the CA and to be awarded the full amount of their claim.

On July 26, 2021, the parties filed a Joint Manifestation and Motion informing the Supreme Court about the amicable settlement of the case and jointly moved for its dismissal which the Supreme Court granted in December 2021 and deemed the case closed and terminated.

Critical accounting estimate - Provision

As at December 31, 2022, the Group recognized provision for a certain tax assessment (Note 15 and 22). The estimate of the probable costs for the resolution has been developed in consultation with outside legal counsel handling the Group's defense in this matter. Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37 "Provisions, Contingent Liabilities and Contingent Assets", only general disclosures were provided.

Critical accounting judgment - Contingencies

The Group has other pending legal cases which are being contested by the Parent Company, SLPC and their legal counsels. The estimates of the probable costs for the resolution of these claims have been developed in consultation with the outside legal counsel handling the defense in these matters and are based upon analyses of potential reports. Based on management's assessment, these proceedings will not have a material effect on the Group's financial position and performance.

29 Advance rentals

Advance rentals are collected from all tenants depending on the agreed terms stated in the contracts which are usually equivalent to three months' rent and can be applied at the terminal months of the lease. The current portion is included as part of Accounts payable and other current liabilities account (Note 15) and the non-current portion is shown separately in the consolidated statements of financial position.

Movements in the account for the year ended December 31 are as follows:

	2024	2023
At January 1	207,672	227,289
Additions	141,726	17,843
Applications	(28,865)	(37,460)
At December 31	320,533	207,672
Current	179,721	207,672
Non-current	140,812	-
	320,533	207,672

30 Financial risk and capital management

30.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's management under policies approved by its Board of Directors. These policies cover financing structure, foreign exchange and interest rate risk management, guarantees and credit support, as well as treasury control framework. There are no changes in the Group's risk management plans for the years ended December 31, 2024 and 2023.

30.1.1 Market risk

(a) Foreign exchange risk

The Group's exposure on currency risk is minimal and limited only to foreign currency denominated cash in banks and cash equivalents. Changes in foreign currency exchange rates of these assets are not expected to have a significant impact on the financial position or results of operations of the Group.

The Group's foreign currency denominated cash in banks and cash equivalents as at and net foreign exchange gains for the years ended December 31, 2024 and 2023 are disclosed in Note 3.

(b) Price risk

The Group's exposure to price risk is minimal and limited only to financial assets at fair value through profit or loss (Note 4) and FVOCI (Note 11) presented in the consolidated statements of financial position. Changes in market prices of these financial assets are not expected to have a significant impact on the financial position or results of operations of the Group.

(c) Cash flow and fair value interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include bank loans (Note 16). These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as these carry fixed interest rate, to be repriced every 30 to 180 days as agreed by the parties. The Company's exposure to cash flow interest risk is considered insignificant to the financial statements.

The Group's interest rate risk management policy focuses on reducing the overall interest expense and exposure to change in interest rates. Changes in market interest rates relate primarily to the Group's long-term loans with floating interest rates as it can cause a change in the amount of interest payments.

30.1.2 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from cash deposits with banks, as well as credit exposure to customers and suppliers.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Group has no significant concentration on credit risk.

The Group's financial assets are categorized based on the Group's collection experience with the counterparties as follows:

a. Performing – settlements are obtained from counterparty following the terms of the contracts without history of default.
b. Underperforming – some reminder follow-ups are performed to collect accounts from counterparty.
c. Non-performing – evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the counterparty, a breach of contract such as a default or being more than 120 days past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization.

The following tables summarize the credit quality of the Group's financial assets per category and aging analysis of financial assets as at December 31:

	Performing (Level 1)	Under performing (Level 2)	Non-performing (Level 3)	Total
2024				
Current assets				
Cash and cash equivalents	3,171,640	-	-	3,171,640
Trade and other receivables	7,709,620	-	13,308	7,722,928
Financial assets at fair value through profit or loss	32,895	-	-	32,895
Refundable deposits	2,438	-	-	2,438
Non-current assets		-	-	
Advances to a joint venture	1,990,096	-	-	1,990,096
Refundable deposits	56,908	-	-	56,908
Financial assets at FVOCI	846,768	-	-	846,768
	13,810,365	-	13,308	13,823,673

	Performing (Level 1)	Under performing (Level 2)	Non-performing (Level 3)	Total
2023				
Current assets				
Cash and cash equivalents	1,408,142	-	-	1,408,142
Trade and other receivables	6,852,048	-	13,023	6,865,071
Financial assets at fair value through profit or loss	35,405	-	-	35,405
Refundable deposits	2,999	-	-	2,999
Non-current assets	-		-	-
Advances to a joint venture	2,590,096	-	-	2,590,096
Refundable deposits	125,472	-	-	125,472
Financial assets at FVOCI	829,468	-	-	829,468
	11,843,630	-	13,023	11,856,653

There are no collaterals held as security or other credit enhancements attached to the Group's financial assets.

Allowance for impairment of receivables as at December 31, 2024 amounted to P13 million (2023 - P13 million). Apart from the financial assets covered by allowance, the remaining financial assets are classified as high performing.

The credit quality of the Group's financial assets is discussed below.

(a) Cash and cash equivalents

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties to mitigate financial loss through the counterparty's potential failure to make payments.

As at December 31, the Group's cash and cash equivalents are deposited in the following types of financial institutions as approved by the Board of Directors:

	2024	2023
Universal banks	1,180,605	790,780
Thrift banks	-	-
Commercial banks	66,985	20,926
	1,247,590	811,706

Cash in banks and cash equivalents as at December 31, 2024 and 2023 are all considered high grade financial assets. The remaining cash in the consolidated statements of financial position pertains to cash on hand which is not exposed to credit risk (Note 3).

(b) Receivables

There is no concentration of credit risk with respect to receivables since the Group has a large number of counterparties involved.

Trade receivables

Sales of residential condominium units that are on installment basis are supported by post-dated checks from the buyers. Titles to properties sold are not released unless full payment is received. In case of leasing operation, tenants are subjected to credit evaluation and are required to put up security deposits and pay advance rentals, if necessary.

For the hotel operation, hotel guests who wish to avail of a credit line are subjected to the normal credit investigation and checking. References are required including review of the customer's financial position and earnings. Approval of a credit line is performed by the Financial Controller and the General Manager. A guest may not be given a line, but special ad hoc arrangements are allowed. It usually requires deposits, prepayments or credit card guarantees as collaterals. Existing credit lines are reviewed annually. The balances due from customers are considered as high-grade financial assets.

For the leasing operation, the Group enters into lease agreements with recognized and creditworthy third parties who are required to put up security deposits. The Group does not offer credit terms to third parties without the specific approval of management. In addition, receivable balances are monitored on an on-going basis with the result that the exposure of the Group to bad debts is not significant.

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance as at December 31, 2024 and 2023 was determined as follows for trade receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
December 31, 2024 (in thousands of Philippine Peso)					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	6,057,349	-	-	13,308	6,070,657
Loss allowance	-	-	-	13,308	13,308
December 31, 2023 (in thousands of Philippine Peso)					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	5,300,367	-	-	13,023	5,313,390
Loss allowance	-	-	-	13,023	13,023

The Group's receivables classified as current did not have history of loss arising from contract with customers as it is able to repossess the sold property consequent to customer's inability to pay the transaction price. The Group believes that this assessment is adequate and reasonable in view of the credit quality of contract receivables. Accordingly, the expected credit loss on these fully performing contract receivables is deemed insignificant for financial reporting purposes.

Non-trade receivables

The credit exposure on nontrade receivables is considered to be minimal as there is no history of defaults and collections are expected to be made within 30 to 60 days. In respect of balances due from related parties, management considered the credit quality of these receivables to be good based on financial condition of the related parties.

(c) Refundable deposits

Refundable deposits are considered as high performing financial assets. Considering the balance and average term of outstanding lease arrangements, management believes that the impact of discounting is not significant.

30.1.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group maintains sufficient cash and cash equivalents in order to fund its operations. The Group monitors its cash flows and carefully matches the cash receipts from its operations against cash requirements for its operations. The Group utilizes its borrowing capacity, if necessary, to further bolster its cash reserves.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following table shows the Group's financial instruments as at December 31 based on its contractual maturity profile:

	0 - 90 days	91 - 180 days	181 - 360 days	Beyond 360 days	Total
At December 31, 2024					
Bank loans	11,055,000	-	-	7,040,000	18,095,000
Accounts payable and other current liabilities*	3,601,005	-	-	-	3,601,005
Deposits from tenants	-	-	570,017	502,378	1,072,395
Dividends payable	-	527,467	-		527,467
Future interest payable	32,709	-	-	3,894,000	3,926,709
	14,688,714	527,467	570,017	11,436,378	27,222,576
At December 31, 2023					
Bank loans	1,800,000	8,315,000	-	-	10,115,000
Accounts payable and other current liabilities*	3,023,857	-	-	-	3,023,857
Deposits from tenants	-	-	710,830	240,097	950,927
Dividends payable	-	69,992	-	-	69,992
Future interest payable	108,572	462,376	-	-	570,948
	4,932,429	8,847,368	710,830	240,097	14,730,724

**excluding advance rentals, contract liabilities, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies and provision for restructuring*

30.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating, comply with externally imposed capital requirements, and maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's strategies and policies during 2024 and 2023.

The Group monitors capital using a gearing ratio, which is net debt, including long-term loan less cash and cash equivalents, divided by capital. Capital pertains to total equity less non-controlling interest. The gearing ratio as at December 31 is presented below:

	2024	2023
Net debt		
Bank loans	18,095,000	10,115,000
Less: cash and cash equivalents	3,171,640	1,408,142
	14,923,360	8,706,858
Capital		
Total equity	57,306,704	50,488,258
Less: Non-controlling interest	6,074,116	6,171,302
	51,232,588	44,316,956
Gearing ratio	0.29	0.20

The Group was able to meet its capital management objectives.

30.3 Fair value measurement

The Group follows the fair value measurement hierarchy to disclose its fair value measurements. The table below summarizes the fair value measurement hierarchy of the Group's assets and liabilities at December 31:

		Fair value measurement			
	Notes	Level 1	Level 2	Level 3	Total
2024					
Assets measured at fair value					
Financial assets at fair value through profit or loss	4	32,895	-	-	32,895
Investment properties:	10				-
Land		-	19,198,636	1,832,701	21,031,337
Buildings		-	21,205,309	4,957,769	26,163,078
Financial assets at FVOCI:	11				-
Quoted		81,350	-	-	81,350
Unquoted		-	-	765,418	765,418
Assets for which fair values are disclosed					-
Refundable deposits	14	-	178,900	-	178,900
Liabilities for which fair values are disclosed					
Deposits from tenants	17	-	1,072,395	-	1,072,395

		Fair value measurement			
	Notes	Level 1	Level 2	Level 3	Total
2023					
Assets measured at fair value					
Financial assets at fair value through profit or loss	4	35,405	-	-	35,405
Investment properties:	10				-
Land		-	10,223,517	6,972,804	17,196,321
Buildings		-	2,995,047	17,097,905	20,092,952
Financial assets at FVOCI:	11				-
Quoted		64,050			64,050
Unquoted		-	-	765,418	765,418
Assets for which fair values are disclosed					-
Refundable deposits	14	-	196,663	-	196,663
Liabilities for which fair values are disclosed					-
Deposits from tenants	17	-	950,927	-	950,927

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There have been no assets and liabilities transferred among Level 1, Level 2 and Level 3 during 2024 and 2023.

The methods and assumptions used to estimate the fair value of each class of financial instrument are disclosed in the referred notes in the table above.

31 Summary of material accounting and financial reporting policies

31.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:
- PFRS Accounting Standards,
- PAS Standards, and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy and adopted by the Securities and Exchange Commission (SEC).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and financial assets at FVOCI.

The preparation of consolidated financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

- Determination of fair values of investment properties (Note 10)
- Useful lives of property and equipment (Note 12)
- Determining retirement benefit obligation (Note 24)
- Estimation of percentage-of-completion of the Group's projects (Note 6)
- Recoverability of investment and advances (Note 8)
- Joint control assessment (Note 8)
- Distinction between properties held for sale, investment properties, and property and equipment (Note 10)
- Revenue Recognition (Note 6)
- Estimation of net realizable value of properties held for sale (Note 6)
- Impairment of non-financial assets (Note 12)
- Contingencies (Note 28)
- Classification of leases as operating lease (Note 10)
- Income tax (Note 25)

Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations adopted by the Group

The Group has adopted certain amendments for the first-time effective January 1, 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to PAS 1;
- Lease Liability in Sale and Leaseback – Amendments to PFRS 16; and
- Supplier Finance Arrangements – Amendments to PAS 7 and PFRS 7.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Adoption of amendments to existing standard and interpretations deferred by SEC until December 31, 2023

The Group has adopted for the first time effective January 1, 2024, certain amendments to existing standard and interpretations deferred by SEC under Memorandum Circular Nos. 14-2018, 4-2020 and 34-2020 until December 31, 2023.

The Group elected to apply such amendments by recognizing the cumulative effect as an adjustment to the retained earnings as at January 1, 2024, which is the date of initial application. The Company elected to apply such amendments retrospectively only to contracts that are not completed contracts at the date of initial application.

IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23)

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue will be recognized over time under paragraph 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

Assessing whether the transaction price includes significant financing component

There is a significant financing component in the contracts to sell when there is a mismatch between the POC of real estate projects and schedule of payments. PIC, in its response to the Real Estate Industry dated November 11, 2020, allows the industry to provide support that their specific payments schemes have no significant financing component, if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance.

The impact of the above amendments on the Group's statement of financial position as at January 1, 2024, is summarized below:

As at January 1, 2024	As previously presented	Impact of adoption	Adjusted
Assets			
Trade and other receivables, net	6,839,024	(216,527)	6,622,497
Investments in and advances to associates and a joint venture	8,219,286	(890,855)	7,328,431
Total assets	**74,650,310**	**(1,107,382)**	**73,542,928**
Liabilities			
Deferred income tax liabilities, net	7,416,148	(33,980)	7,382,168
Total liabilities	**24,162,050**	**(33,980)**	**24,128,070**
Equity			
Retained earnings	38,576,729	(1,073,402)	37,503,327
Total equity	**50,488,260**	**(1,073,402)**	**49,414,858**
Total liabilities and equity	**74,650,310**	**(1,107,382)**	**73,542,928**

New standards, amendments and interpretations not yet adopted

Certain new accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards is set out below:

PFRS 18 *Presentation and Disclosure in Financial Statements* (effective for annual periods beginning on or after January 1, 2027)

PFRS 18 will replace PAS 1 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Although the adoption of PFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of comprehensive income into the new categories will impact how operating profit is calculated and reported. Foreign exchange differences might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
- for the first annual period of application of PFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying PFRS 18 and the amounts previously presented applying PAS 1.

From a cash flow statement perspective, there will be changes to how interest received, and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

PFRS 19 *Subsidiaries without Public Accountability: Disclosures* (effective for annual periods beginning on or after January 1, 2027)

Issued in May 2024, PFRS 19 allows for certain eligible subsidiaries of parent entities that report under PFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its operations or financial statements.

Certain amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

31.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2024 and 2023. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

The Group is composed of the subsidiaries listed below:

	Ownership %		
Nature and name of entity	2024	2023	2022
Property development:			
Shang Properties Realty Corporation (SPRC)	100	100	100
Shang Property Developers, Inc. (SPDI)	100	100	100
The Rise Development Corporation, Inc. (TRDCI)	100	100	100
Shang Wack Wack Properties, Inc. (SWWPI)	100	100	100
SPI Property Holdings, Inc. (SPI-PHI)	100	100	100
SPI Land Development, Inc. (SPI-LDI)	100	100	100
Rapidshare Realty and Development Corporation (RRDC)	100	-	-
Hotel operation:			
Shang Global City Properties, Inc. (SGCPI)	60	60	60
Leasing:			
SPI Parking Services, Inc. (SPSI)	100	100	100
Shangri-la Plaza Corporation (SLPC)	100	100	100
KSA Realty Corporation (KSA)	70.04	70.04	70.04
SPI Property Developers, Inc. (SPI-PDI)	100	100	100
Real estate:			
Ivory Post Properties, Inc. (IPPI)	100	100	100
KPPI Realty Corporation (KRC)	100	100	100
Martin B Properties, Inc. (MBPI)	100	100	100
New Contour Realty, Inc. (NCRI)	100	100	100
Perfect Sites, Inc. (PSI)	100	100	100
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100	100	100
Shang Global City Holdings, Inc. (SGCHI)	100	100	100
Sky Leisure Properties, Inc. (SLPI)	100	100	100
Property management:			
KPPI Management Services Corporation (KMSC)	100	100	100
Shang Property Management Services, Inc. (SPMSI)	100	100	100
Other supplementary business:			
Gipsey, Ltd. (Gipsey)	100	100	100
Silver Hero Investments Limited (SHIL)	100	100	100
EPHI Logistics Holdings, Inc. (ELHI)	60	60	60

Except for Gipsey and SHIL, which were incorporated in the British Virgin Islands (BVI) and use Hong Kong dollars (HK$) as their functional currency, all the other subsidiaries were incorporated and registered in the Philippines which use Philippine Peso as their functional currency.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the years ended December 31, 2024 and 2023 are disclosed in Note 9.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

The Group also assesses the existence of control where it does not have more than 50% of the voting power by virtue of de facto control. De facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group control over the investee.

Whenever the Group obtains control of one or more other entities, it assesses whether the acquired group of net assets constitutes a business. In assessing whether a transaction is an acquisition of a business or assets, the Group identifies the elements in the acquired group, assesses the capability of the acquired group to produce outputs, and assesses the capability of a market participant to produce outputs if missing elements exist. If the assets acquired are not a business, the Group accounts for the transaction or other event as an asset acquisition.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

If the excess of the consideration is transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration is transferred, and the difference of the non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(c) Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group increases its stake in an existing associate and gains control in that investment, the investment becomes a subsidiary. When the entity obtains control of the investment (an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee) that was previously accounted for under equity method, the carrying amount of the investment in associate is derecognized and the assets and liabilities acquired are recognized in the Group's consolidated financial statements at acquisition date.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate or a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognizes the amount adjacent to 'share in net earnings of associates' in the consolidated statement of total comprehensive income. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 31.8.

Dilution gains and losses arising from investments are recognized in profit or loss. Investment in subsidiaries and associates are derecognized upon disposal. Gains and losses on disposals of these investments are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

31.3 Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

31.4 Financial instruments

Financial assets

The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value either through other comprehensive income ("OCI") or through profit or loss, and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement of financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising from derecognition is recognized directly in profit or loss and presented in other income, net, together with foreign exchange gains and losses. Impairment losses are presented in other general and administrative expenses in the consolidated statements of total comprehensive income.

The Group's financial assets at amortized cost consist of cash and cash equivalents (Note 3), trade and other receivables (Note 5), refundable deposits under prepaid taxes and other current assets (Note 7) and other non-current assets (Note 14) in the consolidated statements of financial position.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income, net, and impairment expenses are presented in other general and administrative expenses in the consolidated statements of total comprehensive income.

  The Group does not have debt instruments at FVOCI as at December 31, 2024 and 2023.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other income, net, in the period in which it arises.

  The Group does not have debt instruments at FVTPL as at December 31, 2024 and 2023.

Equity instruments

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

The Group's financial assets measured at FVOCI represent unquoted shares of stock of related parties and quoted investments in various golf club shares and stocks. These are separately shown in the consolidated statements of financial position (Note 11).

Dividends are recognized when the Group's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income. Changes in fair value are recognized in other comprehensive income and are never recycled to profit and loss, even if the asset is sold or impaired.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of counterparties over a certain period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has assessed that the impact of forward-looking information on the loss rates applied is immaterial.

Impairment losses on receivables are presented in other general and administrative expenses consolidated statement of total comprehensive income. Subsequent recoveries are credited to other income.

Financial liabilities

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost. There are no financial liabilities at fair value through profit or loss as at December 31, 2024 and 2023.

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost.

The Group's accounts payable and other current liabilities (excluding advanced rental, contract liabilities, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies) (Note 15), installment payable (Note 16), deposits from tenants (Note 17), dividends payable (Note 19), and bank loans (Note 16) are classified under financial liabilities at amortized cost.

Initial recognition

Regular purchases and sales of financial assets are recognized on the trade date (the date on which the Group commits to purchase or sell the asset).

Financial assets and liabilities not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are recognized as expense in profit or loss.

The Group recognizes a financial liability in the consolidated statement of financial position when the Group becomes a party to the contractual provision of the instrument.

Day 1 difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the profit or loss unless it qualifies for recognition as some other type of asset. In cases where the data used are not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 difference.

31.5 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business. The Group's investment property, principally comprising of properties in Mandaluyong and Makati City are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment properties (Note 10).

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraisers. Fair value is based on direct income capitalization approach and market comparison approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Changes in fair values are recognized in the consolidated statement of total comprehensive income under gain on fair value adjustment of investment properties.

An investment property is derecognized from the consolidated statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Property that is being constructed or developed for future use as investment property is classified as investment property.

Impairment of investment properties is discussed in Note 31.8.

31.6 Property and equipment

Property and equipment, except land rights, are stated at historical cost less depreciation and amortization, and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of total comprehensive income within other general and administrative expenses during the financial period in which they are incurred.

Land rights are not depreciated. Depreciation and amortization of property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Building and leasehold improvements	25 or lease term, whichever is shorter
Transportation equipment	3 to 5
Furniture, fixtures and other equipment	2 to 5

Major renovations are depreciated over the remaining useful life of the related asset.

The assets' residual values and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 31.8).

31.7 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any NCI in the acquired company and the acquisition-date fair value of any previously-held interest in the acquired company over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the entity sold.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

31.8 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that have definite useful lives are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use requires the Group to make estimates of future cash flows to be derived from the particular asset, and to discount them using a pre-tax market rate that reflect current assessments of the time value of money and the risks specific to the asset. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable CGUs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but the increase should not exceed the carrying amount that would have been determined had not the impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized as income immediately.

31.9 Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred, or liabilities assumed, is recognized within interest expense and bank charges in the consolidated statement of total comprehensive income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged to profit or loss in the year in which they are incurred. The Group decided to avail relief issued by the SEC per Memorandum Circular No. 4-2020. The SEC provided for the relief to the real estate industry by deferring the implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) until December 31, 2023 (Note 31.1).

31.10 Current and deferred income tax

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In the sale of condominium units resulting in recognition of installments contracts receivable, full recognition for income tax purposes is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place can the Group control the reversal of the temporary difference that was not recognized.

31.11 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are derecognized when the obligation is paid, cancelled or has expired.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the reversal is recognized in the consolidated statement of total comprehensive income within the same line item in which the original provision was charged.

31.12 Employee benefits

(a) Retirement benefits

The Group maintains a defined benefit retirement plan determined by periodic actuarial calculations. This defined benefit retirement plan is funded through payments to a trustee-administered fund and determined by periodic actuarial calculations. A defined benefit plan is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. In cases when the amount determined results in a surplus (being an excess of the fair value of the plan assets over the present value of the defined benefit obligation), the Group measures the resulting asset at the lower of: (a) such amount determined; and (b) the present value of any economic benefits available to the Group in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest of government bonds converted into zero coupon rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(c) Short-term employee benefits

The Group recognizes a liability and an expense for short-term employee benefits which include salaries, paid sick and vacation leaves and bonuses. Bonuses are based on a formula that takes into consideration the resulting qualified profits. The Group recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or has expired.

31.13 Income and expense recognition

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has inventory risk and pricing latitude.

The following specific recognition criteria must be met before revenue and expenses are recognized;

Revenue

(a) Revenue from condominium sales

The Group develops and sells condominium units. Under a contract to sell a condominium unit, the object is the property itself, which is the normal output of a real estate business. In addition, this contract contains information such as the contracting parties' rights and payment terms, which are essential elements for a valid revenue contract. The Group assesses that contract must be signed by the contracting parties to make it enforceable prior to revenue recognition. Also, the developer assesses the commercial substance of the contract and the probability that it will collect the consideration. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivates the buyer to honor its obligation.

Contracts to sell condominium units are written on a lump sum payment basis or installment basis which include 5% reservation, down payments with installment terms ranging from 1-5 years.

The Group satisfies its performance obligation as it develops the property. In accordance with PFRS 15 and Philippine Interpretations Committee (PIC) 2016-04, the Group considers that the Group's performance does not create the asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date. Therefore, revenue is recognized over time, i.e. as the related obligations are fulfilled, measured principally using the output method on the basis of the estimated completion of a physical proportion of the contract work. Land and materials delivered on site, such as steels, rebars and elevators, which are yet to be installed/attached to the main structure, are excluded from the percentage-of-completion.

In determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the Company and the customer provides the customer or the Group with a significant benefit of financing the sale of condominium units to the buyer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

In adjusting the promised amount of consideration for a significant financing component, the Group uses the discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception. That rate would reflect the credit characteristics of the party receiving financing in the contract, as well as any collateral or security provided by the customer or the entity, including assets transferred in the contract. The Company determines that rate by identifying the rate that discounts the nominal amount of the promised consideration to the price that the customer would pay in cash for the goods or services when (or as) they transfer to the customer. The significant financing component is presented as part of revenue from condominium sales recognized in the consolidated statement of comprehensive income.

Under the sales contract, customers are required to pay the transaction price (in the form of progress billings) over a certain period of time. Any excess (deficit) of collections over the recognized revenue are recognized as contract liabilities under accounts payable and other current liabilities (installment contracts receivable under Trade and other receivables, net) as shown in the consolidated statement of financial position.

Payments received from potential buyer to provide exclusive rights to buy a specific condominium unit under certain conditions and up to specified period are treated initially as a liability and are recognized as part of "customers' deposits" under accounts payable and other liabilities. These deposits are applied as payment of the transaction price as soon as the revenue recognition criteria are met.

Cost of condominium sales include upfront costs such as land costs and connection fees, which are accounted for as fulfillment costs, and development costs which contribute to the construction progress of the development project. Fulfillment costs are recognized as contract assets arising from fulfillment costs to the extent that such costs give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered. These costs are included in properties held for sale in the consolidated statement of financial position. Such contract assets are amortized as cost of condominium sales consistent with the revenue recognition method applied, subject to impairment up to the extent that the carrying amount of the asset exceeds (a) the remaining amount of consideration that the Group expects to receive; less (b) direct costs that have not been recognized as expenses. Development costs are recognized as expense as the work to which they relate is performed.

Incremental costs of obtaining a contract to sell condominium units include commissions paid to sales or marketing agents. Fixed monthly living allowance, transportation allowance provided to real estate agents and commissions paid prior to signing of contracts to sell are expensed outright. Commissions paid after signing of contracts are recognized as contract assets arising from costs to obtain a contract presented as 'prepaid commission' under prepaid expenses and other current assets in the consolidated statement of financial position. These are amortized as cost of condominium sales consistent with the revenue recognition method applied.

The cost of inventory recognized in profit or loss on disposal (cost of condominium sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC. The cost of condominium sales also includes the estimated development costs to complete the condominium, as determined by the Group's in-house technical staff, and taking into account the POC. The accrued development costs account is presented under "accounts payable and other current liabilities" in the consolidated statement of financial position.

Estimated loss on unsold units is recognized in profit or loss immediately when it is probable that total project costs will exceed total contract revenue.

Condominium units arising from cancellation of contracts to sell are initially measured by the Group based on its original carrying amount at the time it was sold.

(b) Rental

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term or based on a certain percentage of gross revenue of the lessees, whichever is applicable. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

When the revenue recognition criteria are not met, cash received from lessees are recognized as advance rentals, until the conditions for recognizing rental income are met.

(c) Hotel operations

Hotel revenue from room rentals, food and beverage sales, and other ancillary services are recognized when the services are rendered. Revenue from other ancillary services include, among others, business center and car rental, laundry service, telephone service and health club services. The services rendered are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, at a point in time for other goods or services, when they have been delivered or rendered.

Costs of hotel operations are expensed as incurred. These include expenses incurred for the generation of revenue from food and beverage sales, room rentals, and other ancillary services.

(d) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a Group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final withholding tax.

(e) Dividend income

Dividend income is recognized when the Group's right to receive payment is established, which is generally when the Board of the investee company approved the dividend.

(f) Other income

Administration and management services, customer lounge fees, banner income, income from cinema operations and other service income are recognized when the related services have been rendered. Revenues from auxiliary services such as handling, sale of scrap materials, import break bulk and brokerage are recognized when services are provided or when goods are delivered. Money received or amounts billed in advance for rendering of services or delivery of goods are recorded as unearned income until the earning process is complete.

(g) Cost and expenses

Cost and expenses are recognized when these are incurred.

31.14 Leases

(a) Group is the lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease or based on a certain percentage of gross revenue of the lessees, whichever is applicable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Assets under these arrangements are classified as investment property in the consolidated statement of financial position (Note 31.5).

(b) Group is the lessee

Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

31.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. These operating segments are the basis upon which the Group reports its segment information presented in Note 2 to the consolidated financial statements.

The accounting policies used to recognize and measure the segment's assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

31.16 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

CORPORATE DIRECTORY

ASSEMBLY GROUNDS AT THE RISE
Tel: (63 2) 8-298-8000
7248 Malugay Street,
San Antonio Village, Makati City 1203
assemblygrounds@therisemakati.com
www.assemblygroundsattherise.com

AURELIA RESIDENCES
Tel: (63 2) 8-287-3542
Mobile: +63 915 535 7646
Showsuite and Sales Office
4th Avenue corner Rizal Drive
Bonifacio Global City, Taguig 1634
sales@aureliaresidences.com
www.aureliaresidences.com

HARAYA RESIDENCES SALES GALLERY
Tel: (63 2) 5-318-7200
Mobile: +63 915 535 7646
Riverside Road corner Bridgetowne Blvd.,
Bridgetowne Destination Estate,
E. Rodriguez Ave., Brgy. Rosario, Pasig City
sales@harayaresidences.com
www.harayaresidences.com

HORIZON HOMES AT SHANGRI-LA AT THE FORT
Tel: (63 2) 8-865-3881
3rd Avenue corner 30th Street
Bonifacio Global City, Taguig City 1634
horizonhomesconceirge.slfm@shangri-la.com

**LAYA BY SHANG PROPERTIES
SALES GALLERY**
Tel: (63 2) 8-370-2600
Mobile: +63 915 535 7646
Midlevel 2/3, East Wing, Shangri-La Plaza
EDSA corner Shaw Boulevard,
Mandaluyong City 1550
hello@layabyshang.com
www.layabyshang.com

**ONE SHANGRI-LA PLACE
PROPERTY MANAGEMENT OFFICE**
Tel: (63 2) 8-370-2700 loc 342
Shang Central, Epifanio delos Santos Avenue,
Ortigas Center, Mandaluyong 1550
property.mgmt@oneshangri-laplace.com

**SHANG BAUHINIA RESIDENCES
SHANG PROPERTIES POP-UP GALLERY CEBU**
Ground Floor, 2Quad Bldg., Cebu Business Park,
Panglao corner Sumilon Road,
Cebu City, 6000 Cebu
Mobile: +63 915 535 7646
www.shangbauhiniaresidences.com

SHANG RESIDENCES AT WACK WACK
Tel: (63 2) 8-370-2600
Mobile: +63 915 535 7646
Sales Office Level 5, Shangri-La Plaza Mall
EDSA corner Shaw Boulevard
Mandaluyong City 1550
sales@shangresidencesatwackwack.com
www.shangresidenccesatwackwack.com

**SHANG SALCEDO PLACE
PROPERTY MANAGEMENT OFFICE**
Tel: (63 2) 5-318-6088
Sen. Gil Puyat Ave., Tordesillas Street corner
H. V. Dela Costa Street corner Tordesillas Street
Salcedo Village, Makati City 1227
property.management@shangsalcedoplace.com

SHANG SUMMIT
Level 5, Shangri-La Plaza
EDSA corner Shaw Boulevard
Mandaluyong City 1550
Mobile: +63 915-5357646
www.shangsummit.com

SHANGRI-LA THE FORT, MANILA
Tel: (63 2) 8-820-0888
30th Street corner 5th Avenue
Bonifacio Global City, Taguig City 1634
slfm@shangri-la.com
www.shangri-la.com

SHANGRI-LA PLAZA
Tel: (63 2) 8-370-2500
EDSA corner Shaw Boulevard
Mandaluyong City 1550
www.shangrila-plaza.com

THE ENTERPRISE CENTER
Tel: (63 2) 7-752-9900
Level 5 Tower 2 The Enterprise Center
6766 Ayala Avenue corner
Paseo de Roxas, Makati City 1200
property.management@theenterprisecenter.com.ph
www.theenterprisecenter.com.ph

**THE RISE MAKATI
PROPERTY MANAGEMENT OFFICE**
Tel: (63 2) 8-298-8000
7248 Malugay Street,
San Antonio Village, Makati City 1203
property.mgmt@therisemakati.com
sales@therisemakati.com
www.therisemakati.com

**THE SHANG GRAND TOWER
PROPERTY MANAGEMENT OFFICE**
Tel: (63 2) 5-320-2104
98 Perea Street corner dela Rosa Street
Legaspi Village, Makati City 1229
www.theshanggrandtower.com
pmo@tsgtcc.com.ph

**THE ST. FRANCIS SHANGRI-LA PLACE
PROPERTY MANAGEMENT OFFICE**
Tel: (63 2) 5-310-5801
Shang Central, Epifanio delos Santos Avenue,
Ortigas Center, Mandaluyong 1550
property.mgmt@stfrancisshangri-laplace.com

INVESTOR RELATIONS INFORMATION

PRINCIPAL OFFICE

Tel: (63 2) 8-370-3700
Fax: (63 2) 8-370-2777
Level 5, Shangri-La Plaza, Shang Central
EDSA corner Shaw Boulevard
Mandaluyong City 1550
Metro Manila, Philippines
info@shangproperties.com
www.shangproperties.com

PRINCIPAL BANKERS

Bank of the Philippine Islands
BDO Unibank, Inc.
Philippine Savings Bank
Philippine National Bank

AUDITORS

Isla Lipana & Co.

LEGAL COUNSELS

Romulo, Mabanta, Buenaventura,
Sayoc & Delos Angeles

PROPERTY VALUER

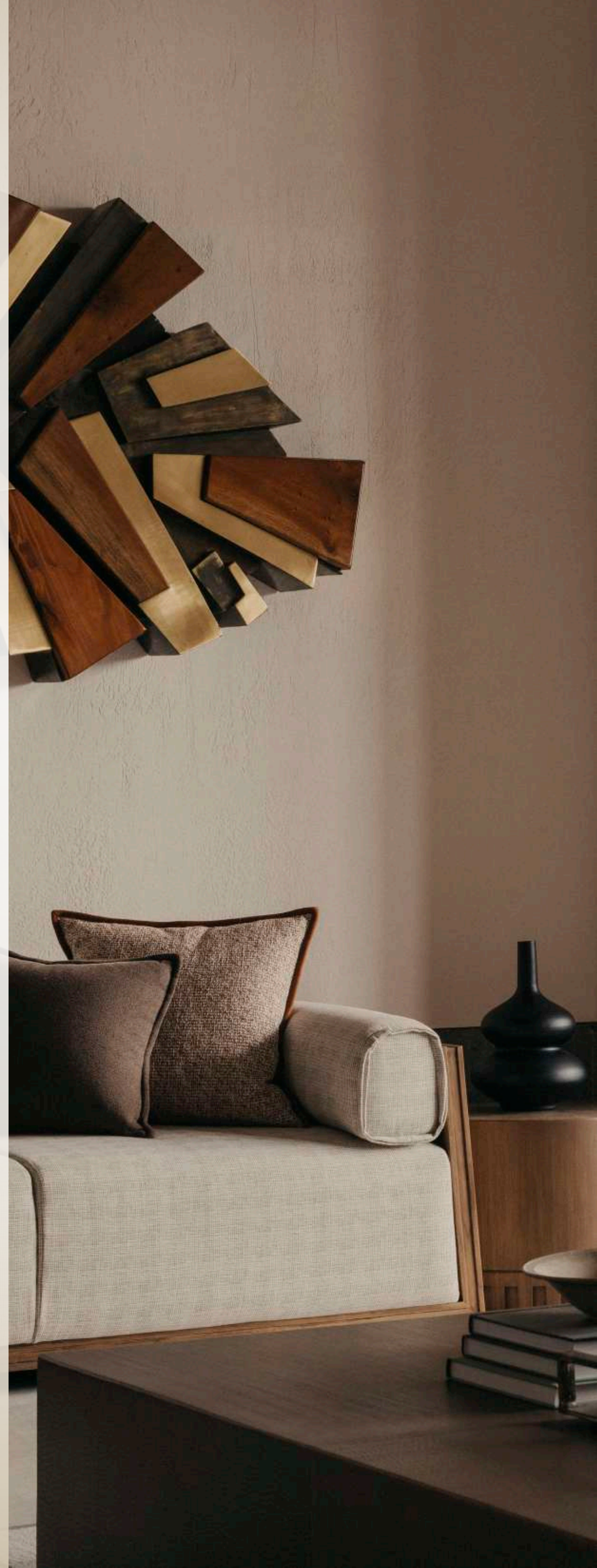
Royal Asia Appraisal Corporation

STOCK TRANSFER AGENT

RCBC TRUST CORPORATION
Ground Floor, Grepalife Building,
219 Sen. Gil Puyat Avenue,
Makati City, Metro Manila

KEY DATES

- Regular Board Meeting: Quarterly
- Annual Stockholder's Meeting: Any day in June of each year
- Fiscal Year: January 1 to December 31



SHANG

PROPERTIES

Shang Properties, Inc.
Level 5, Shangri-La Plaza, Shang Central
EDSA corner Shaw Boulevard
Mandaluyong City 1550
Metro Manila, Philippines

Tel: (632) 8370-2700
Fax: (632) 8370-2777
info@shangproperties.com
www.shangproperties.com

To view the full
2024 Annual Report,
please scan the code

The following document has been received:

Receiving: Ma. Theresa Mabuyo
Receipt Date and Time: May 15, 2025 10:51:07 AM

Company Information

SEC Registration No.: 0000145490
Company Name: SHANG PROPERTIES, INC.
Industry Classification: K70120
Company Type: Stock Corporation

Document Information

Document ID: OST10515202583333991
Document Type: Quarterly Report
Document Code: SEC_Form_17-Q
Period Covered: March 31, 2025
Submission Type: Original Filing
Remarks: None

Acceptance of this document is subject to review of forms and contents

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE

1. For the quarterly period ended : 31 March 2025

2. Commission Identification Number : 145490

3. BIR Tax Identification Number : 000-144-386

SHANG PROPERTIES, INC.

4. Exact name of the Issuer as specified in this charter:

5. Province, country or other jurisdiction of incorporation or organization: Not Applicable

6. Industry Classification Code: [ ] (SEC Use Only)

7. Shangri-La Plaza Adm. Office, 5th Floor, Shangri-La Plaza, EDSA cor. Shaw Blvd. Mandaluyong City 1550
   Address of issuer's principal office Postal Code

   (632) 8370-2700

8. Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report:

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA.

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock	4,764,056,287 common shares

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [x] **No [ ]**

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

    (a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

    Yes [x] **No [ ]**

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [x] **No [ ]**

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Please see attached.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SHANG PROPERTIES, INC.
Issuer

By:

MABEL P. TACORDA
Chief Finance Officer

RAJEEV GARG
VP-Finance

Date of Signing: 15 May 2025

i) SEC Number: 145490

File Number: ________

SHANG PROPERTIES, INC.

(Company's Full Name)

Admin Office, Shangri-La Plaza
EDSA cor. Shaw Boulevard, Mandaluyong City

(Company Address)

(632) 8370 3700

(Telephone Number)

March 31, 2025

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

-

(Amendments)

COVER SHEET

1	4	5	4	9	0					

S.E.C. Registration Number

S H A N G P R O P E R T I E S , I N C .

(Company's Full Name)

A D M I N O F F I C E , S H A N G R I - L A P L A Z A

E D S A C O R . S H A W B L V D , M A N D A L U Y O N G

(Business address: No. Street City / Town / Province)

Contact Person **Company Telephone Number**

1	2		3	1

Month **Day**
Fiscal Year

SEC FORM 17-Q
FORM TYPE

Any day in June
Month **Day**
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

4,764,058,982	Php. 18.095B (As of March 31, 2025)	
Total No. of Stockholders	**Domestic**	**Foreign**

To be accomplished by SEC Personnel concerned

LCU

CASHIER

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

SHANG PROPERTIES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(All amounts in thousands of Philippine Peso)

	Notes	Unaudited March 31, 2025	Audited December 31, 2024
Current assets			
Cash and cash equivalents	3	2,884,400	3,171,640
Financial assets at fair value through profit or loss	4	32,986	32,895
Trade and other receivables, net	5	7,297,520	7,709,620
Properties held for sale	6	8,685,525	8,396,598
Prepaid taxes and other current assets	7	3,816,338	3,392,553
Total current assets		22,716,769	22,703,306
Non-current assets			
Investments in and advances to associates and a joint venture	8	9,455,070	9,250,604
Investment properties	10	47,698,451	47,194,415
Financial assets at fair value through other comprehensive income	11	846,768	846,768
Property and equipment, net	12	9,900,242	9,980,510
Goodwill		269,871	269,871
Deferred income tax assets	25	108,472	172,741
Other non-current assets	13	1,265,583	1,424,121
Total non-current assets		69,544,457	69,139,030
Total assets		92,261,226	91,842,336
Liabilities and Equity			
Current liabilities			
Accounts payable and other current liabilities	14	5,457,037	5,340,738
Current portion of:			
Bank loans	15	3,522,000	11,055,000
Deposits from tenants	16	118,038	570,017
Deferred lease income	16	8,258	27,176
Income tax payable		491,155	293,091
Dividends payable		223,134	527,467
Total current liabilities		9,819,622	17,813,489
Non-current liabilities			
Retirement benefit liability		76,674	171,215
Bank loans, net of current portion	15	14,573,000	7,040,000
Deferred income tax liabilities, net		8,699,553	8,837,955
Advance rental, net of current portion		140,812	140,812
Deposits from tenants, net of current portion		986,719	502,378
Deferred lease income, net of current portion		12,833	29,783
Total non-current liabilities		24,489,591	16,722,142
Total liabilities		34,309,213	34,535,632
Equity			
Share capital	17	4,764,059	4,764,059
Share premium	17	834,440	834,440
Treasury shares	17	(6,850)	(6,850)
Equity reserves		(141,133)	(141,133)
Other comprehensive income	17	330,277	301,867
Retained earnings	17	46,488,977	45,480,205
Total equity attributable to shareholders of the Parent Company		52,269,770	51,232,588
Non-controlling interests	9	5,682,243	6,074,116
Total equity		57,952,013	57,306,704
Total liabilities and equity		92,261,226	91,842,336

(See accompanying notes to unaudited consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

(All amounts in thousands of Philippine Peso)

	UNAUDITED FOR THE QUARTER ENDED	
	March 31, 2025	**March 31, 2024**
REVENUES		
Condominium sales	780,086	858,642
Rental and cinema	669,180	639,905
Hotel operations	1,205,798	1,096,187
	2,655,064	2,594,734
COST OF SALES AND SERVICES		
Cost of condominium sales	520,781	428,650
Cost of rental and cinema	15,626	24,586
Cost of hotel operations	551,251	525,267
	1,087,658	978,503
GROSS PROFIT	**1,567,406**	**1,616,231**
OPERATING EXPENSES		
General and administrative	562,231	462,867
Taxes, licenses and fees	68,901	66,831
Depreciation	8,843	7,533
Insurance	11,798	9,102
	651,773	546,333
OTHER INCOME		
Foreign exchange gains-net	(9,149)	1,605
Other income - net	111,152	47,964
	102,003	49,569
Income from operations	1,017,636	1,119,467
Finance income, net		
Finance Income	29,183	27,166
Finance Costs	(11,153)	(3,580)
	18,030	23,586
SHARE IN PROFIT OF ASSOCIATES AND A JOINT VENTURE	356,688	409,482
INCOME BEFORE INCOME TAX	**1,392,354**	**1,552,535**
Income tax benefit (expense)	(207,610)	(259,244)
NET INCOME FOR THE YEAR	**1,184,744**	**1,293,291**
NET INCOME ATTRIBUTABLE TO:		
Shareholders of the Parent company	**1,008,771**	**1,134,009**
Non-controlling Interest	175,973	159,282
	1,184,744	**1,293,291**
OTHER COMPREHENSIVE INCOME		
Translation adjustments	-	-
Remeasurement gain (loss) on retirement benefit obligation, net of tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,184,744	1,293,291
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Shareholders of the Parent company	**1,008,771**	**1,134,009**
Non-controlling Interest	175,973	159,282
	1,184,744	**1,293,291**
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	**0.212**	**0.238**

(See accompanying notes to unaudited consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(All amounts in thousands of Philippine Peso)

	Shareholders of the Parent Company							
	Capital stock	Additional Paid-in Capital	Treasury Stock	Equity Reserves	Other Comprehensive Income	Retained Earnings	Non-controlling Interest	Total
Balances as of January 1, 2024	4,764,059	834,440	(6,850)	(141,133)	289,713	38,576,727	6,171,302	50,488,258
Translation adjustments	-	-	-	-	-	-	(78,622)	(78,622)
Cash dividends	-	-	-	-	-	-	(65,912)	(65,912)
Net income for the period	-	-	-	-	-	1,134,010	159,282	1,293,292
Balances as of March 31, 2024	4,764,059	834,440	(6,850)	(141,133)	289,713	39,710,7367	6,186,050	51,637,016

Balances as of January 1, 2025	4,764,059	834,440	(6,850)	(141,133)	301,867	45,480,205	6,074,116	57,306,704
Translation adjustments	-	-	-	-	28,410	-	(387,967)	(359,557)
Cash dividends	-	-	-	-	-	-	(179,879)	(179,879)
Net income for the period	-	-	-	-	-	1,008,771	175,973	1,184,744
Balances as of March 31, 2025	4,764,059	834,440	(6,850)	(141,133)	330,277	46,488,976	5,682,243	57,952,012

(See accompanying notes to unaudited consolidated financial statements)

SHANG PROPERTIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts in thousands of Philippine Peso)

	March 31, 2025	March 31, 2024
Cash flows from operating activities		
Income before provision for income tax	1,392,354	1,552,536
Adjustments for:		
Depreciation and amortization	8,843	96,346
Interest expense	10,770	3,176
Retirement benefit expense	(94,540)	2,283
Loss on fair value adjustment of financial assets at fair value through profit or loss	1,940	312
Cumulative translation adjustment	(28,410)	-
Share in net profits of associates and a joint venture	356,688	409,482
Unrealized foreign exchange gain	(9,149)	1,605
Provision for bad debts	-	(246)
Interest income	(29,183)	27,166
Operating income before working capital changes	1,609,313	2,092,660
Changes in working capital:		
Trade and other receivables	412,100	(782,002)
Properties held for sale	(288,927)	(463,863)
Prepaid taxes and other current assets	(423,786)	(901,132)
Other non-current assets	222,808	95,356
Accounts payable and other current liabilities	(128,373)	(685,512)
Accrued employee benefits	(95)	-
Deposits from tenants	-	3,489
Net cash generated from (used in) operations	1,403,040	(641,004)
Income tax paid	(201,704)	27,615
Interest received	29,724	26,105
Net cash provided by (used in) operating activities	1,231,060	(587,284)
Cash flows from investing activities		
Additions to:		
Investments in and advances to associates and a joint venture	(561,154)	(934,006)
Investment properties	(504,036)	(231,454)
Property and equipment	(131,792)	(47,599)
Deposit for a future project	-	-
Dividends received	-	-
Net cash used in investing activities	(1,196,982)	(1,213,059)
Cash flows from financing activities		
Payments of:		
Loan principal	-	(618,410)
Interest	(10,255)	(3,175)
Cash dividends payable (paid) to:		
Shareholders	(304,333)	(158)
Non-controlling shareholders of subsidiaries	(15,879)	(65,912)
Proceeds from loan availment, net of debt issue costs	-	2,660,000
Net cash used in financing activities	(330,467)	1,972,345
Net increase (decrease) in cash and cash equivalents for the period	(296,289)	172,002
Cash and cash equivalents at beginning of the period	3,171,640	1,408,142
Effects of exchange rate changes on cash and cash equivalents	9,149	(1,605)
Cash and cash equivalents at end of the period	2,884,400	1,578,539

(See accompanying notes to unaudited consolidated financial statements)

Notes to the Unaudited Consolidated Financial Statements
(All amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Shang Properties, Inc. (the "Parent Company"), a corporation duly organized and existing in the Philippines, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 21, 1987 to acquire, own, develop, subdivide, sell, mortgage, exchange, lease or hold for investment, real estate of all kinds.

The Parent Company's registered office address, which is also its principal place of business, is at Administration Office, Shangri-La Plaza Mall, EDSA corner Shaw Boulevard, Mandaluyong City.

The Parent Company and its subsidiaries' (together, the "Group") businesses include property investment and development, hotel operations, real estate management, leasing, mall and carpark operations, and other supplementary businesses.

Note 2 - Segment information

The Group's operating businesses are organized and managed according to the nature of the products and services marketed. Each segment represents a strategic business unit that offers different products and serves different markets. The Group has operations only in the Philippines. The Group derives revenues from three (3) main segments as follows:

(a) Property development

This business segment pertains to the development and sale of condominium units. The subsidiaries operating in this segment are as follows:

- Shang Properties Realty Corporation ("SPRC") is the developer of The Shang Grand Tower Project (TSGT), located in Makati City, The St. Francis Shangri-La Place Project (TSFSP) and One Shangri-La Place Project (OSP), both located in Mandaluyong City, and Shang Bauhinia Residences located in Cebu City.
- Shang Property Developers, Inc. ("SPDI") is the developer of Shang Salcedo Place Project (SSP), located in Makati City.
- The Rise Development Company Inc. ("TRDCI") is the developer of The Rise Makati Project, located in Makati City.
- Shang Wack Wack Properties, Inc. ("SWWPI") is the developer of Shang Residences at Wack Wack Project, located in Mandaluyong City.
- SPI Property Holdings, Inc. ("SPI-PHI"), is the developer of Laya project in Pasig City.
- SPI Land Development, Inc. ("SPI-LDI") is the developer of Shang Summit project in Quezon City.

On October 23, 2024, The Parent Company acquired, for a total consideration of P2.53 billion, 100% of the issued share capital of Rapid Share Realty and Development Corporation (RRDC), a company primarily engaged in the development, sale, and lease of real estate properties. On February 21, 2025, RRDC was able to secure approval from the SEC to change its name to SPI Realty, Inc. and is in the process of updating its other business registrations with other government agencies.

(b) Hotel operations

This business segment pertains to the operations of Shangri-La at the Fort's hotel and residences. Shang Global City Properties, Inc. ("SGCPI") is the developer of Shangri-La at the Fort Project, located in Taguig City. SGCPI's hotel and restaurant operations started commercial operations on March 1, 2016.

(c) Leasing

This business segment pertains to the rental operations of the Shangri-La Plaza Mall, The Enterprise Center ("TEC") and their related carpark operations as operated by Shangri-La Plaza Corporation ("SLPC"), KSA Realty Corporation ("KSA") and SPI Parking Services, Inc. ("SPSI"), respectively. It also includes rental of a portion of the Parent Company's land to EDSA Shangri-La Hotel and Resort, Inc. ("ESHRI") and cinema operations of Shangri-La Plaza Mall.

In 2019, the Parent Company started construction of the Shang One Horizon. The project is located in the City of Mandaluyong and is expected to be completed in 2028. Upon completion, the project will be subsequently leased out to third parties and related parties. In 2021, the construction of the land project was subsequently assigned by the Parent Company to SPI Property Developers, Inc. ("SPI-PDI"), a subsidiary.

(d) Other Business Segments

Other business segments pertain to property management services and operations of real estate entities and other subsidiaries.

Except for the rental revenue from ESHRI, all revenues come from transactions with third parties. There are no revenues derived from a single external customer above 10% of total revenue in 2024, 2023 and 2022. There is no need to present reconciliation since measure of segment assets, liabilities and results of operations are consistent with those of the consolidated financial statements.

All revenues are from domestic entities incorporated in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

There are no changes in the Group's reportable segments and related strategies and policies in 2025 and 2024.

The segment assets, liabilities and results of operations of the reportable segments of the Group as of and for the period ended March 31, 2025 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	780,086	-	-	-	780,086	-	780,086
Rental and cinema	33,104	-	730,196	-	763,300	(94,120)	669,180
Hotel operation	-	1,205,798	-	-	1,205,798	-	1,205,798
Cost of sales and services							
Condominium sales	(520,781)	-	-	-	(520,781)	-	(520,781)
Rental and cinema	-	-	(15,301)	-	(15,301)	(325)	(15,626)
Hotel operation		(551,251)	-	-	(551,251)	-	(551,251)
Gross profit	292,409	654,547	714,895	-	1,661,851	(94,445)	1,567,406
Operating expenses	(186,414)	(237,520)	(369,179)	(14,022)	(807,135)	155,362	(651,773)
Other income and expenses	95,395	3,306	1,174,000	262,082	1,534,784	(1,403,598)	131,186
Share in net income of associates and a joint venture	-	-	356,688	-	356,688	-	356,688
Interest expense and bank charges	(103)	(924)	(10,112)	(13)	(11,152)	-	(11,153)
Income before income tax	201,287	419,409	1,866,292	248,047	2,735,036	(1,342,682)	1,392,354
Income tax expense	(35,285)	(101,877)	(69,532)	(915)	(207,610)	-	(207,610)
Net income for the year	166,002	317,530	1,796,761	247,133	2,527,426	(1,342,682)	1,184,744
Segment assets	24,362,288	8,358,717	83,422,264	1,036,097	117,179,365	(34,373,208)	82,806,156
Associate and joint venture companies (Note 8)	-	-	-	9,455,070	9,455,070	-	9,455,070
Total assets	24,362,288	8,358,717	83,422,264	10,491,167	126,634,435	(34,373,208)	92,261,226
Segment liabilities	15,738,014	1,293,501	36,873,701	7,800,780	61,670,026	(27,360,812)	34,309,214
Capital expenditures for the year (Notes 10 and 12)	5,762	7,555	6,994	1,804	22,115	-	22,115

The segment assets, liabilities and results of operations of the reportable segments of the Group as of and for the year ended December 31, 2024 are as follows:

	Property development	Hotel operations	Leasing	Others	Total segments	Eliminations	Consolidated
Revenues							
Condominium sales	4,614,789	-	-	-	4,614,789	-	4,614,789
Rental and cinema	146,481	-	2,905,983	-	3,052,464	(368,044)	2,684,420
Hotel operation	-	4,519,414	-	-	4,519,414	-	4,519,414
Cost of sales and services							
Condominium sales	(2,031,229)	-	-	-	(2,031,229)	-	(2,031,229)
Rental and cinema	(21,922)	-	(74,803)	-	(96,725)	(5,050)	(101,775)
Hotel operation		(2,216,925)	-	-	(2,216,925)	-	(2,216,925)
Gross profit	2,708,119	2,302,489	2,831,180	-	7,841,788	(373,094)	7,468,694
Operating expenses	(660,766)	(926,528)	(2,157,073)	(73,116)	(3,817,483)	618,072	(3,199,411)
Other income and expenses	478,222	32,154	6,693,834	800,285	8,004,495	(2,477,619)	5,526,876
Share in net income of associates and a joint venture	-	-	2,526,569	-	2,526,569	-	2,526,569
Interest expense and bank charges	(916)	(3,358)	(61,635)	(33)	(65,942)	-	(65,942)
Income before income tax	2,524,659	1,404,757	9,832,875	727,136	14,489,427	(2,232,641)	12,256,786
Income tax expense	(633,724)	(351,112)	(1,285,427)	(14,798)	(2,285,061)	-	(2,285,061)
Net income for the year	1,890,935	1,053,645	8,547,448	712,340	12,204,366	(2,232,641)	9,971,725
Segment assets	24,423,719	8,775,033	80,940,853	1,324,698	115,464,303	(32,872,571)	82,591,732
Associate and joint venture companies (Note 8)	-	-	-	9,250,604	9,250,604	-	9,250,604
Total assets	254,423,719	8,775,033	80,940,853	10,575,302	124,715	(32,872,571)	91,842,336
Segment liabilities	15,182,447	1,617,348	36,101,051	7,800,780	60,701,626	(26,165,993)	34,535,632
Capital expenditures for the year (Notes 10 and 12)	15,656	66,073	47,839	71	129,639	-	129,639

Note 3 - Cash and cash equivalents

Cash and cash equivalents consist of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash on hand	3,647	75,143
Cash in banks	1,483,294	1,250,293
Cash equivalents	1,397,459	1,846,204
	2,884,400	3,171,640

Cash in banks earned interest at prevailing bank deposit rates.

Cash equivalents are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term deposit rates.

Interest income earned amounted to P29M and P271.8M for the three (3) months ended March 31, 2025 and the year ended December 31, 2024, respectively.

Note 4 - Financial assets at fair value through profit or loss

This account represents equities that are listed in the Philippine Stock Exchange (PSE). Movements in the account for the three (3) months ended March 31, 2025 and the year ended December 31, 2024 respectively are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
At beginning of period	32,895	35,405
Gain (Loss) on fair value adjustment	91,131	(2,510)
At end of period	32,986	32,895

The fair values have been derived based on the current bid prices in the PSE (Level 1 valuation). The fair value adjustments is included in Other Income in the statements of comprehensive income.

Note 5 – Trade and Other Receivables, net

Trade and other receivables, net, as at March 31, 2025 and December 31, 2024 consist of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade		
Instalment contracts receivable	4,667,245	5,731,178
Rent	489,570	158,039
Receivables from guests and concessionaires	272,405	181,441
Non-trade		
Related parties	1,462,681	2,351,603
Advances to officers and employees	2,781	4,854
Interest	5,324	5,865
Others	1,162,846	41,925
	8,062,852	8,474,905
Allowance for impairment of receivables	(765,332)	(765,285)
	7,297,520	7,709,620

Installment contracts receivable arises from sale of condominium units in the Group's ordinary course of business and pertains to the portion of transaction price, excluding the significant financing component. Contract receivables are collectible within a period based on the payment schedule agreed with the buyers. The related significant financing component recognized as part of revenue from condominium sales in the statement of comprehensive income amounted to P58 million (2024 - P231 million).

Rent receivables pertains to rental fees charged to tenants and are non-interest bearing. The normal credit terms range from 30 to 60 days.

Receivables from guests and concessionaires pertain to receivables arising from hotel, restaurant and rental services. These are usually due within 30 days and do not bear any interest.

Advances to officers and employees are normally settled within the next financial year.

Other receivables are non-interest bearing and consist of income from banner and non-tenant related receivables.

Note 6 - Properties held for sale

Properties held for sale consist of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Condominium units held for sale	371,161	371,462
Construction in-progress	8,314,364	8,025,136
	8,685,525	8,396,598

Critical accounting judgment - Estimation of net realizable value of properties held for sale

Properties held for sale are carried at the lower of cost and net realizable value. The net realizable value of completed condominium units is the estimated selling price of a condominium unit less estimated costs necessary to make the sale. While the net realizable value of condominium units under construction is the estimated selling price of a condominium unit less estimated costs to complete the construction, estimated time value of money to the date of completion and estimated costs necessary to make the sale.

NRV has been assessed to be higher than cost based on circumstances or conditions as at March 31, 2025 and December 31, 2024. Accordingly, no write-down is deemed necessary.

Critical accounting estimates - Estimation of percentage-of-completion of the Group's projects

Revenue from condominium sales is recognized over time in accordance with the guidance set in PFRS 15, *Revenue from contracts with customers*, and Philippine Interpretations Committee Questions and Answers (PIC Q&A) 2016-04. Revenue is calculated with reference to the Percentage of Completion (PoC) of the project. PoC is determined on the basis of a technical evaluation involving a significant degree of estimates done by the Group's project management team who are specialists in such computations. Management believes that revenue from condominium sales reported in the statement of total comprehensive income best reflects the PoC of the projects as at reporting date.

The Group's on-going projects and their PoC as at the following dates are as follows:

Projects	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
The Rise Makati	100%	100%
Shang Residences at Wack Wack	97%	96%
Shang One Horizon	53%	50%
Laya by Shang	26%	22%
Shang Summit	8%	7%
Shang Bauhinia Residences	6%	5%

Critical accounting judgment - Collectability of the transaction price

Identification of a "contract" for particular real estate sale transaction in the context of PFRS 15 requires certain judgments based on the collectability of the transaction price. Collectability of the transaction price is demonstrated by the buyer's commitment to pay which, in turn, is supported by substantial initial and continuing investments that gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor his obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property. For condominium sales, in determining whether the contract prices are collectible, the Company considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay, based on historical data.

Note 7 - Prepaid taxes and other current assets

Prepaid taxes and other current assets consist of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Advances to contractors and suppliers	1,986,846	1,837,982
Creditable withholding tax (CWT)	522,060	664,704
Input value added tax (VAT)	537,817	512,670
Prepaid commission	294,043	132,033
Prepaid property tax	107,944	43,028
Inventories	24,407	34,578
Prepaid insurance	24,045	8,102
Deferred input VAT	19,934	5,778
Other prepaid expenses	299,241	153,678
	3,816,338	3,392,553

Advances to contractors and suppliers pertain to down payment made by the Group for the construction and development of its condominium properties. These are applied as payments of progress billing by the contractors and suppliers based on milestones or percentage of accomplishment or delivery as stipulated in the contracts.

CWT is the tax withheld by the withholding agents from payments to the Group which can be applied against the income tax payable.

Prepaid commission represents advance commission paid to property consultants and brokers based on the percentage of completion of the project sold. This account is treated as a fulfilment cost under PFRS 15, Revenue from contracts with customers, and therefore amortized as an expense.

Input VAT represents tax paid to suppliers that can be claimed as credit against the future output VAT liabilities without prescription.

Consumables and supplies consist of food, beverages and other recreational consumable items for the hotel operations.

Other prepaid expenses mainly consist of advance payments for rent, staff accommodation rentals, software support, refundable deposits, and other expenses which are normally utilized within the next financial year.

Note 8 - Investments in and advances to associates and a joint venture

Investment in an associate and a joint venture consist of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Investment in a joint venture		
At January 1	7,260,375	5,629,057
Impact of change in accounting for significant financing component and borrowing cost of joint venture	-	(890,855)
Additions to investment	(152,222)	(4,396)
Share in net income	356,688	2,526,569
At December 31	7,464,841	7,260,375
Advances to a joint venture	1,990,096	1,990,096
Investments in various associates		
Acquisition costs	133	133
	9,455,070	9,250,604

(a) Investment in and advances to a joint venture

On March 22, 2018, the Parent Company entered into a Joint Venture Agreement (the "Agreement") with Robinsons Land Corporation (RLC) for the construction and development of a mixed-use condominium project (later known as Aurelia Residences). Within two (2) months from the effective date of the Agreement, the parties shall establish the joint venture company ("JVC") and shall execute the Articles and By-Laws of the JVC. On May 23, 2018, the SEC approved the Certificate of Incorporation of Shang Robinsons Properties, Inc. (SRPI), JVC. SRPI is jointly controlled by the Parent Company and RLC, each holding 50% interest.

The registered office address of SRPI, which is also its principal place of business, is at Cyber Sigma, Lawton Avenue, Taguig City.

The authorized capital stock of SRPI is P3 billion divided into 3 billion common shares with par value of P1 per share. On April 19, 2018, the Parent Company subscribed and paid in full the amount of P1 billion equivalent to 1 billion commons shares at P1 per share.

SRPI engages in: (i) the business of developing a property into a mixed-use development, (ii) the marketing and sale of the residential condominium units in the project, (iii) and the lease of serviced apartment units and/or commercial units in the project.

SRPI launched Aurelia Residences, it's first project, in 2019 and had since then presold 90% of its condominium units. As at March 31, 2025, the Aurelia Residences Projects is 91% complete (2024-89%). In 2020, the Parent Company and RLC entered into another joint venture agreement to develop a parcel of land located at the Bridgetowne Estate in Pasig City. The project (known as Haraya Residences) was launched in 2023. As of March 31, 2025 Haraya Residences – South Tower is 75% sold out and 25% completed (2024-20%) while the North Tower is 24% completed.

In the first quarter of 2025, the Group's share in net income of the joint venture amounted to P357 million (2024 – P2.57 billion).

In 2019, advances amounting to P1 billion were extended to SRPI. These advances mature on April 1, 2023 and bear interest at a rate of 4%. The advances were partially collected in 2023 amounting to P750 million. The remaining balance has been agreed to be collectible at a future date to be subsequently determined and agree upon by both parties.

In 2021, an additional P1.59 billion advances was extended to SRPI with the same interest rate, as indicated above. The outstanding balance is collectible on demand.

Interest income earned from these advances amounted to P27 million in the first quarter of 2025 (2024 – P75.1 million).

(b) Investments in various associates

The Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

(c) Acquisition

On October 23, 2024, the Parent Company acquired 100% of the issued share capital of RapidShare Realty and Development Corporation (RRDC) for a cash consideration of 2,526,268,000. RRDC is a company primarily engaged in the development, sale, and lease of real estate properties. The acquisition is accounted for as an asset acquisition.

Note 9 - Non-controlling interests

The proportion of equity interest held by the non-controlling interest (NCI) of KSA and SGCPI, the Group's subsidiaries with NCI that are deemed material, are as follows:

	March 31, 2025 (Audited)	December 31, 2024 (Audited)
KSA	29.96%	29.96%
SGCPI	40.00%	40.00%

Note 10 - Investment properties

Details of investment properties as at March 31, 2025 and December 31, 2024 and their movements are as follows:

	Land	Building	Total
At January 1, 2024	15,905,947	21,383,326	37,289,273
Transfers due to change in use			
From Properties held for sale	-	121,643	121,643
From Real estate development project	-	-	-
Capitalized subsequent expenditures	-	4,582,794	4,582,794
Fair value gain	4,800,837	399,868	5,200,705
At December 31, 2024	20,706,784	26,487,631	47,194,415
Properties held for sale	-	-	-
Capitalized subsequent expenditures	-	504,036	504,036
At March 31, 2025	20,706,784	26,991,667	47,698,451

The Group’s investment properties located in Mandaluyong City and Makati City include parcels of land and buildings held for office and retail leases and other parcels of land held for capital appreciation.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The fair value measurements for investment properties have been categorized as Level 3 for parcels of land and building properties. The current use of these properties is their highest and best use.

Note 11 - Financial assets at fair value through other comprehensive income, net

Financial assets at fair value through other comprehensive income (FVOCI), net as at March 31, 2025 and December 31, 2024 are presented below.

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Unquoted	488,430	488,430
Quoted	9,101	9,101
	497,531	497,531
Cumulative changes in fair value	349,237	349,237
	846,768	846,768

The fair values of the unquoted equity securities are based on the net asset value of the underlying assets of investee companies which are mainly investment properties consisting of land and buildings which are measured and carried at fair value of underlying assets. The fair value measurements have been categorized as Level 3. Estimated fair value of assets classified as Level 3 is considered immaterial relative to the overall size of the Group's total assets.

The quoted equity securities consist of investments in various golf club shares and stocks. These are carried at fair values which are based on the quoted market prices (Level 1) as at the reporting date. The cumulative changes in fair values of unquoted and quoted equity shares are presented as part of other comprehensive income in the consolidated statements of financial position.

Note 12 - Property and equipment, net

Details of property and equipment and their movements during the period are as follows:

	Building and building improvements	Transportation equipment	Furniture, fixtures and other equipment	Total
Cost				
At January 1, 2025	9,622,474	78,396	7,197,983	16,898,853
Additions	6,219	-	15,895	22,115
Disposals	(354)	-	(4,356)	(4,710)
Reclassification	-	-	-	-
At March 31, 2025	9,628,340	78,395	7,209,524	16,916,258
Accumulated depreciation and amortization				
At January 1, 2025	1,861,689	53,213	5,003,441	6,918,343
Depreciation and amortization	33,417	1,531	67,435	102,383
Disposals	(354)	-	(4,356)	(4,709)
Reclassification	-	-	-	-
At March 31, 2025	1,894,752	54,743	5,066,522	7,016,017
Cost				
At January 1, 2024	9,609,092	62,535	7,108	16,780,044
Additions	13,158	15,861	102,772	131,791
Adjustments	224	-	-	224
Disposals	-	-	(13,206)	(13,206)
At December 31, 2024	9,622,474	78,396	7,197,983	16,898,853
Accumulated depreciation and amortization				
At January 1, 2024	1,731,776	46,531	4,755,672	6,533,979
Depreciation and amortization	129,913	6,682	259,750	396,345
Disposals	-	-	(11,981)	(11,981)
At December 31, 2024	1,861,689	53,213	5,003,441	6,918,343
Net book values at				
At March 31, 2025	7,847,516,890	34,947,214	2,314,853,701	10,197,317,804
At December 31, 2024	7,760,785	25,183	2,194,542	9,980,510

Building and building improvements include land rights which pertain to the share of SGCPI in the land where the construction project was constructed after deducting the rights allocated to condominium unit owners.

Note 13 - Other non-current assets

Other non-current assets as at March 31, 2025 and December 31, 2024 consist of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Advances to contractors and suppliers, noncurrent	1,181,023	1,233,752
Refundable deposits	63,039	72,111
Retirement benefit asset	-	402
Deferred input VAT	1,177	319
Other noncurrent assets	20,344	117,537
	1,265,583	1,424,121

Advances to contractors and suppliers

Advances to contractors and suppliers pertain to initial payments made by the Group for the construction and development of its investment property under construction. These are applied as payments of progress billing by the contractors and suppliers based on milestones or percentage of accomplishment or delivery as stipulated in the contracts.

Refundable deposits

Refundable deposits include cash required from the Group for the on-going construction and utilities maintenance. This is refundable at the end of the lease term. Refundable deposits are reflected at their carrying amounts which are assumed to approximate their fair values.

Deferred Input VAT

Deferred input VAT represents non-current portion of VAT arising from the purchase of capital goods on credit.

Note 14 - Accounts payable and other current liabilities

Accounts payable and other current liabilities consist of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade:		
Accounts payable	872,045	666,894
Advance rentals	191,236	181,022
Accrued expenses	1,339,258	1,709,690
Customers' deposits from:		
Condominium sales	1,097,753	528,404
Hotel guests	198,868	198,868
Retention payables	868,872	761,057
Reservation payables	1,098	35,306
Advances from condominium unit buyers	1,077	58,535
Contract liabilities	123,144	222,150
Payable to contractors and suppliers	55	842
Construction bonds	79,356	78,172
Non-trade:		
Payable to related parties	71,426	176,282
Deferred output VAT	6,577	5,898
Payable to government agencies	32,873	69,943
Output VAT	172,295	263,972
Others	401,105	383,700
	5,457,038	5,340,738

Accounts payable and accrued expenses are non-interest bearing and are normally settled within 30 to 60 days and within the next financial year, respectively.

Advance rentals pertain to the three-month rent collected from tenants to be applied to the last three (3) months of the lease term.

Retention payables represent the portion of contractor billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until the defects have been corrected.

Customers' deposits from condominium buyers represent initial collections (e.g. down payments) received from the buyers which shall be applied as payment of the transaction price when the sales contract meets the requirements of PFRS 15 for revenue recognition purposes while deposits from hotel guests are advances made by guests in relation to their stay in the hotel and will be applied against the guests' hotel charges upon their check-out.

Advances from condominium unit buyers mainly pertain to amounts collected from buyers upon unit turnover, which are intended to pay for expenses incurred in process of transferring title to the buyers, utility deposits and real property taxes during titling period. These amounts are liquidated after title has been transferred to the buyer and any excess is refunded to the buyer.

Construction bonds pertain to cash deposits posted by tenants as security for any expenses or damages that may be incurred by SLPC to the leased premises or common areas that may be sustained in relation to construction activities conducted by the tenants during fit-out, as well as during renovation period of the lease. It is normally returned to the tenants within six months after completion of their construction activities.

Contract liabilities represent any excess collections received from buyers over the revenue recognized based on the percentage of completion method. The amount is expected to be applied against revenue in the following year.

Payable to contractors and suppliers represents progress billings from various contractors for the material and labor costs incurred to date with normal credit terms of 30 to 60 days, but may go beyond as agreed.

Reservation payables pertain to cash paid by the buyers of condominium units for the reservation of the units purchased. These shall be considered as part of the down payment on the units purchased upon execution of the contracts or income if the reservation is forfeited when the buyer did not push through with the purchase.

Deferred output VAT is the result of the difference in the application of installment method between the accounting policy of the Group and the tax regulations. It will be reclassified to output VAT payable when the collections from condominium unit buyers warrant recognition of revenue.

Payable to government agencies are expected to be settled within the next financial year.

Output VAT represents tax due and payable after deducting the corresponding input VAT.

Other accrued expenses consist of accruals for advertising and promotions, insurance, other employee related costs and other general and administrative expenses. Other current liabilities pertain mainly to taxes and insurance.

Note 15 - Bank loans

Bank loans as consist of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Current portion		
Parent Company	3,522,000	11,055,000
SGCPI	-	-
	3,522,000	11,055,000
Non-current portion		
SGCPI	-	-
Parent Company	14,573,000	7,040,000
	14,573,000	7,040,000
	18,095,000	18,095,000

Movements in the bank loans are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
At beginning of period	18,095,000	10,115,000
Amortized debt issue cost	-	-
Proceeds from loan availment	-	8,740,000
Payments	-	(760,000)
At end of period	18,095,000	18,095,000

Parent Company

Bank loans of the Parent Company as of March 31, 2025 and December 31, 2024 consist of unsecured short term loans. These are composed of unsecured loans from various banks with interest rates ranging from 5.9% to 6.3% (2024 – 6.0% to 6.4%). These loans have payment terms of 3 to 12 months (2023 - 3 to 12 months).

Note 16 - Deposits from tenants

This account represents non-interest bearing rental deposits from tenants. Deposits from tenants is based on the present value of estimated future cash flows using applicable market rates at reporting date. The difference between the discounted and face value of the deposits is recognized as deferred lease income. Deferred lease income is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent income. Interest is accreted on the deposits from tenants using the effective interest rate method and is recognized as additional interest expense in profit or loss.

Note 17 - Equity

Details of share capital and share premium are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Authorized, at P1 par value per share		
Common shares	8,000,000	8,000,000
Issued and outstanding shares		
Common shares	4,764,059	4,764,059
Share premium	834,440	834,440
	5,598,499	5,598,499

In 2007, the Board of Directors approved the redemption of 2,140,645 common shares at redemption price of P3.20 per share or a total of P6,850,064 and the amount is presented as treasury shares in the consolidated statements of financial position.

The Parent Company is listed in the Philippine Stock Exchange. It was registered on June 13, 1991 with total listed shares of 4,764,058,982 which was initially issued at P1.18 per share.

Note 18 - Financial risk and capital management

18.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's management under policies approved by its Board of Directors. These policies cover financing structure, foreign exchange and interest rate risk management, guarantees and credit support, as well as treasury control framework. There are no changes in the Group's risk management plans for the periods ended March 31, 2025 and December 31, 2024.

18.1.1 Market risk

(a) Foreign exchange risk

The Group's exposure on currency risk is minimal and limited only to foreign currency denominated cash in banks and cash equivalents. Changes in foreign currency exchange rates of these assets are not expected to have a significant impact on the financial position or results of operations of the Group.

The Group's foreign currency denominated cash in banks and cash equivalents as at and net foreign exchange gains for the periods ended March 31, 2025 and December 31, 2024 are disclosed in Note 3.

(b) Price risk

The Group's exposure to price risk is minimal and limited only to financial assets at fair value through profit or loss and FVOCI presented in the consolidated statements of financial position. Changes in market prices of these financial assets are not expected to have a significant impact on the financial position or results of operations of the Group.

(c) Cash flow and fair value interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include bank loans (Note 16). These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as these carry fixed interest rate, to be repriced every 30 to 180 days as agreed by the parties. The Company's exposure to cash flow interest risk is considered insignificant to the financial statements.

The Group's interest rate risk management policy focuses on reducing the overall interest expense and exposure to change in interest rates. Changes in market interest rates relate primarily to the Group's long-term loans with floating interest rates as it can cause a change in the amount of interest payments.

18.1.2 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from cash deposits with banks, as well as credit exposure to customers and suppliers.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Group has no significant concentration on credit risk.

The Group’s financial assets are categorized based on the Group’s collection experience with the counterparties as follows:

a. Performing - settlements are obtained from counterparty following the terms of the contracts without history of default.
b. Underperforming - some reminder follow-ups are performed to collect accounts from counterparty.
c. Credit impaired - evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the counterparty, a breach of contract such as a default or being more than 120 days past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization.

The following tables summarize the credit quality of the Group’s financial assets per category and aging analysis of financial assets as at March 31, 2025 and December 31, 2024:

	Performing	Under performing	Non-Performing	Total
2025				
Current assets				
Cash and cash equivalents	2,884,400	-	-	3,171,640
Trade and other receivables	7,297,520	-	765,332	8,062,852
Financial assets at fair value through profit or loss	32,986	-	-	32,986
Refundable deposits	2,438	-	-	2,438
Non-current assets				
Advances to a joint venture	1,990,096	-	-	1,990,096
Refundable deposits	63,039		-	63,039
Financial assets at FVOCI	846,768	-	-	846,768
	13,117,247	-	765,332	14,169,819
2024				
Current assets				
Cash and cash equivalents	3,171,640	-	-	3,171,640
Trade and other receivables	7,709,620	-	13,068	7,722,928
Financial assets at fair value through profit or loss	32,895	-	-	32,895
Refundable deposits	2,438	-	-	2,438
Non-current assets				
Advances to a joint venture	1,990,096	-	-	1,990,096
Refundable deposits	56,908		-	56,908
Financial assets at FVOCI	846,768	-	-	846,768
	13,810,365	-	13,068	13,823,673

There are no collaterals held as security or other credit enhancements attached to the Group’s financial assets.

Allowance for impairment of receivables as at March 31, 2025 amounted to P765,332 (2024 – P13,068). Apart from the financial assets covered by allowance, the remaining financial assets are classified as high performing.

The credit quality of the Group’s financial assets is discussed below.

(a) Cash and cash equivalents

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties to mitigate financial loss through counterparty's potential failure to make payments.

(b) Receivables

There is no concentration of credit risk with respect to receivables since the Group has a large number of counterparties involved.

Trade receivables

Sales of residential condominium units that are on installment basis are supported by post-dated checks from the buyers. Titles to properties sold are not released unless full payment is received. In case of leasing operation, tenants are subjected to credit evaluation and are required to put up security deposits and pay advance rentals, if necessary.

For the hotel operation, hotel guests who wish to avail of a credit line are subjected to the normal credit investigation and checking. References are required including review of the customer's financial position and earnings. Approval of a credit line is performed by the Financial Controller and the General Manager. A guest may not be given a line, but special ad hoc arrangements are allowed. It usually requires deposits, prepayments or credit card guarantees as collaterals. Existing credit lines are reviewed annually. The balances due from customers are considered as high-grade financial assets.

For the leasing operation, the Group enters into lease agreements with recognized and creditworthy third parties who are required to put up security deposits. The Group does not offer credit terms to third parties without the specific approval of management. In addition, receivable balances are monitored on an on-going basis with the result that the exposure of the Group to bad debts is not significant.

Non-trade receivables

The credit exposure on nontrade receivables is considered to be minimal as there is no history of defaults and collections are expected to be made within 30 to 60 days. In respect of balances due from related parties, management considered the credit quality of these receivables to be good based on financial condition of the related parties.

(c) Refundable deposits

Refundable deposits include cash required from the Group for the on-going construction and utilities maintenance. This is refundable at the end of the lease term. Refundable deposits are reflected at their carrying amounts which are assumed to approximate their fair values. Considering the balance and average term of outstanding lease arrangements, management believes that the impact of discounting is not significant. Refundable deposits are considered as high performing financial assets.

18.1.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group maintains sufficient cash and cash equivalents in order to fund its operations. The Group monitors its cash flows and carefully matches the cash receipts from its operations against cash requirements for its operations. The Group utilizes its borrowing capacity, if necessary, to further bolster its cash reserves.

18.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating, comply with externally imposed capital requirements, and maintain healthy capital ratios in order to support its business and maximize shareholders value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group’s strategies and policies during 2024 and 2023.

The Group monitors capital using a gearing ratio, which is net debt, including long-term loan less cash and cash equivalents, divided by capital. Capital pertains to total equity less non-controlling interest. The gearing ratio is presented below:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Net debt		
Bank loans	18,095,000	18,095,000
Less: cash and cash equivalents	2,884,400	3,171,640
	15,210,600	14,923,360
Capital		
Total equity	57,952,012	57,306,704
Less: Non-controlling interest	5,682,243	6,074,116
	52,269,769	51,232,588
Gearing ratio	29%	29%

The Group was able to meet its capital management objectives.

18.3 Fair value measurement

The Group follows the fair value measurement hierarchy to disclose the fair value measurements of its financial instruments. The table below summarizes the fair value measurement hierarchy of the Group's assets and liabilities at March 31, 2025 and December 31, 2024:

	Fair value measurement using			
	Quoted prices in active markets (Level I)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
2024				
Assets measured at fair value				
Financial assets at fair value through profit or loss	32,986	-	-	32,986
Investment properties:				
Land	-	19,198,636	1,832,701	21,031,337
Buildings	-	21,709,345	4,957,769	26,667,114
Financial assets at FVOCI:			-	
Quoted	9,101,515	-	-	9,101,515
Unquoted	-	-	488,429,727	488,429,727
Assets for which fair values are disclosed				
Financial asset at amortized cost				
Refundable deposits	-	65,477	-	65,477
Liabilities for which fair values are disclosed				
Installment payable	-	-	-	-
Deposits from tenants	-	1,296,620	-	1,296,620

	Fair value measurement using			
	Quoted prices in active markets (Level I)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
2023				
Assets measured at fair value				
Financial assets at fair value through profit or loss	32,895	-	-	32,895
Investment properties:				
Land	-	19,198,636	1,832,701	21,031,337
Buildings	-	21,205,309	4,957,769	26,163,078
Financial assets at FVOCI:				
Quoted	81,350	-	-	81,350
Unquoted	-	-	765,418	765,418
Assets for which fair values are disclosed				
Financial asset at amortized cost				
Refundable deposits	-	178,900	-	178,900
Liabilities for which fair values are disclosed				
Installment payable	-	-	-	-
Deposits from tenants	-	1,072,395	-	1,072,395

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There have been no assets and liabilities transferred among Level 1, Level 2 and Level 3 during 2025 and 2024.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

(a) *Financial assets at fair value through profit or loss*

The fair value of financial assets at fair value through profit or loss is based on quoted market prices at the reporting date.

(b) *Cash and cash equivalents, trade and other receivables, accounts payable and other current liabilities, accrued employee benefits and dividends payable*

Due to the short-term nature of cash and cash equivalents, trade and other receivables, accounts payable and other current liabilities, dividends payable and accrued employee benefits, their carrying values were assessed to approximate their fair values.

(c) *Installment contracts receivable*

The fair value of installment contracts receivable is based on the discounted value of future cash flows using applicable rates for similar instruments.

(d) *Refundable deposits and deposits from tenants*

The fair value of deposits from tenants was based on the present value of estimated future cash flows using applicable market rates at the reporting date.

(e) *Bank loans*

The carrying value of the bank loans with variable interest rates approximates their fair value because of recent and quarterly repricing based on market conditions.

Note 19 - Summary of significant accounting and financial reporting policies

19.1 Basis of preparation

Financial Reporting Standards, as modified by the application of the following financial reporting reliefs for real estate companies issued by the Securities and Exchange Commission in response to the COVID19 pandemic:

- Assessing whether the transaction price includes significant financing component (SFC);
- Impact of implementing IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost.

The interim consolidated financial statements as of and for the period ended March 31, 2025 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated annual financial statements as of December 31, 2024 which have been prepared under Philippine Financial Reporting Standards (PFRSs).

The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and financial assets at FVOCI.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

19.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations adopted by the Group
The Company has adopted certain amendments for the first-time effective January 1, 2023:

- Definition of Accounting Estimates – amendments to PAS 8
- International Tax Reform – Pillar Two Model Rules – amendments to PAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to PAS 12
- Disclosure of Accounting Policies – Amendments to PAS 1 and PFRS Practice Statement 2

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(a) Deferral of implementation of amendment to existing standard and interpretations

Deferral of the following provisions of PIC Q&A 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Good (PAS 23, Borrowing Costs) until December 31, 2023

On December 15, 2020, the SEC issued SEC Memorandum Circular No. 34 Series of 2020 to further extend the deferral provided under SEC under Memorandum Circular Nos. 14-2018, 3-2019 and 4-2020 for another period of three (3) years or until December 31, 2024, to afford the industry reasonable time to evaluate the impact thereto or as the SEC will later prescribe. This decision is pursuant to RA 11494, Bayanihan to Recover as One Act which allows the SEC to adopt measures to enable companies to cope with the impact of the Covid-19 pandemic. The Group availed the following reliefs:

i. Assessing whether the transaction price includes SFC

There is SFC in the contracts to sell when there is a mismatch between the POC of real estate projects and schedule of payments. PIC, in its response to the industry dated November 11, 2020, allows the Real Estate Industry to provide support to their specific payments schemes that there is no SFC, if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than providing financing to the buyers.

In the event of the existence of SFC, interest income would be recognized when the POC is ahead of the customer payments and interest expense would be recognized when the customer payments are ahead of the POC. The Group has initially assessed, however, that the timing difference arising from existing sales contracts does not necessarily result in a significant financing component.

ii. Impact of implementing IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue will be recognized over time under par. 35(c) of PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized as part of properties held for sale related to projects with pre-selling activities should have been expensed out in the period incurred. A restatement would have impact on interest expense and bank charges, cost of sales and services, income tax expense, properties held for sale, deferred income tax liabilities, net and opening balance of retained earnings.

(b) New standards, amendments and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions..

19.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at March 31, 2025 and December 31, 2024. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

The Group is composed of the subsidiaries listed below:

	Ownership %		
Nature and name of entity	2024	2023	2022
Property development:			
Shang Properties Realty Corporation (SPRC)	100	100	100
Shang Property Developers, Inc. (SPDI)	100	100	100
The Rise Development Corporation, Inc. (TRDCI)	100	100	100
Shang Wack Wack Properties, Inc. (SWWPI)	100	100	100
SPI Property Holdings, Inc. (SPI-PHI)	100	100	100
SPI Land Development, Inc. (SPI-LDI)	100	100	100
Rapidshare Realty and Development Corporation (RRDC)	100	-	-
Hotel operation:			
Shang Global City Properties, Inc. (SGCPI)	60	60	60
Leasing:			
SPI Parking Services, Inc. (SPSI)	100	100	100
Shangri-la Plaza Corporation (SLPC)	100	100	100
KSA Realty Corporation (KSA)	70.04	70.04	70.04
SPI Property Developers, Inc. (SPI-PDI)	100	100	100
Real estate:			
Ivory Post Properties, Inc. (IPPI)	100	100	100
KPPI Realty Corporation (KRC)	100	100	100
Martin B Properties, Inc. (MBPI)	100	100	100
New Contour Realty, Inc. (NCRI)	100	100	100
Perfect Sites, Inc. (PSI)	100	100	100
Shang Fort Bonifacio Holdings, Inc. (SFBHI)	100	100	100
Shang Global City Holdings, Inc. (SGCHI)	100	100	100
Sky Leisure Properties, Inc. (SLPI)	100	100	100
Property management:			
KPPI Management Services Corporation (KMSC)	100	100	100
Shang Property Management Services, Inc. (SPMSI)	100	100	100
Other supplementary business:			
Gipsey, Ltd. (Gipsey)	100	100	100
Silver Hero Investments Limited (SHIL)	100	100	100
EPHI Logistics Holdings, Inc. (ELHI)	60	60	60

Except for Gipsey and SHIL, which were incorporated in the British Virgin Islands (BVI) and use Hong Kong dollars (HK$) as their functional currency, all the other subsidiaries were incorporated and registered in the Philippines which use Philippine Peso as their functional currency.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the period ended March 31, 2025 and the year ended December 31, 2024 are disclosed in Note 9.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

The Group also assesses the existence of control where it does not have more than 50% of the voting power by virtue of de facto control. De facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group control over the investee.

Whenever the Group obtains control of one or more other entities, it assesses whether the acquired group of net assets constitutes a business. In assessing whether a transaction is an acquisition of a business or assets, the Group identifies the elements in the acquired group, assesses the capability of the acquired group to produce outputs, and assesses the capability of a market participant to produce outputs if missing elements exist. If the assets acquired are not a business, the Group accounts for the transaction or other event as an asset acquisition.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

If the excess of the consideration is transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration is transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(d) Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group increases its stake in an existing associate and gains control in that investment, the investment becomes a subsidiary. When the entity obtains control of the investment (an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee) that was previously accounted for under equity method, the carrying amount of the investment in associate is derecognized and the assets and liabilities acquired are recognized in the Group's consolidated financial statements at acquisition date.

When the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate or a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognizes the amount adjacent to 'share in net earnings of associates' in the consolidated statement of total comprehensive income. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 19.13.

Dilution gains and losses arising from investments are recognized in profit or loss. Investment in subsidiaries and associates are derecognized upon disposal. Gains and losses on disposals of these investments are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

19.4 Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

19.5 Financial instruments

19.5.1 Classification of financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income ("OCI") or through profit or loss, and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

19.5.2 Measurement of financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising from derecognition is recognized directly in profit or loss and presented in other income, net, together with foreign exchange gains and losses. Impairment losses are presented in other general and administrative expenses in the consolidated statements of total comprehensive income.

  The Group's financial assets at amortized cost consist of cash and cash equivalents (Note 3), trade and other receivables (Note 5), refundable deposits under prepaid taxes and other current assets (Note 7) and other non-current assets (Note 13) in the consolidated statements of financial position.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income, net, and impairment expenses are presented in other general and administrative expenses in the consolidated statements of total comprehensive income.

  The Group does not have debt instruments at FVOCI as at March 31, 2025 and December 31, 2024.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other income, net, in the period in which it arises.

  The Group does not have debt instruments at FVTPL as at March 31, 2025 and December 31, 2024.

Equity instruments

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

The Group's financial assets measured at FVOCI represent unquoted shares of stock of related parties and quoted investments in various golf club shares and stocks. These are separately shown in the consolidated statements of financial position (Note 11).

Dividends are recognized when the Group's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income. Changes in fair value are recognized in other comprehensive income and are never recycled to profit and loss, even if the asset is sold or impaired.

19.5.3 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months before January 1, 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has assessed that the impact of forward-looking information on the loss rates applied is immaterial.

Impairment losses on receivables are presented in other general and administrative expenses consolidated statement of total comprehensive income. Subsequent recoveries are credited to other income.

19.5.4 Classification and measurement of financial liabilities

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost. The Group did not measure its financial liabilities at fair value through profit or loss as at March 31, 2025 and December 31, 2024.

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost.

The Group's accounts payable and other current liabilities (excluding advanced rental, contract liabilities, customers' deposits, reservation payable, output VAT, deferred output VAT and payable to government agencies) (Note 14), installment payable, deposits from tenants (Note 16), dividends payable, accrued employee benefits (excluding retirement benefits) and bank loans (Note 15) are classified under financial liabilities at amortized cost.

19.5.5 Initial recognition

Regular purchases and sales of financial assets are recognized on the trade date (the date on which the Group commits to purchase or sell the asset).

Financial assets and liabilities not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are recognized as expense in profit or loss.

The Group recognizes a financial liability in the consolidated statement of financial position when the Group becomes a party to the contractual provision of the instrument.

19.5.6 Day 1 difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the profit or loss unless it qualifies for recognition as some other type of asset. In cases where the data used are not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 difference.

19.5.7 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when the obligation is discharged or is cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

19.5.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. There are no offsetting arrangements as at March 31, 2025 and December 31, 2024.

19.6 Trade and other receivables

Trade receivables arising from regular sales with credit term of 30 to 60 days and other receivables are recognized initially at fair value and subsequently measured at cost using the effective interest method, less any provision for impairment.

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized within operating expenses in the consolidated statement of total comprehensive income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against other general and administrative expenses in the consolidated statement of total comprehensive income.

The expected loss rates are based on the payment profiles of sales over a relevant period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Refer to Note 19.5 for other relevant accounting policies on trade and other receivables.

19.7 Properties held for sale

Properties held for sale are properties being constructed or acquired for sale in the ordinary course of business, rather than for rental or capital appreciation, and are carried at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and estimated costs to sell.

Cost of condominium units held for sale represents accumulated costs of the unsold units of the completed projects. Cost includes those directly attributable to the construction of the projects such as cost of land, direct materials, borrowing costs, professional and consultancy fees, and project management costs, which are allocated to the unsold units.

Cost of construction in-progress represents the accumulated costs for the construction and development of the ongoing projects. It includes those that are directly attributable to the construction of the projects such as cost of land, direct materials, borrowing costs, professional and consultancy fees, and project management costs.

Properties held for sale are derecognized when they are sold or there are no future benefits to the Group. The carrying amount of those properties held for sale is recognized as an expense, reported as cost and expenses in the period in which the related revenue is recognized.

19.8 Prepaid taxes and other assets

Input VAT, which represents taxes arising from purchases of goods and services, are carried at face amount or at nominal amount less allowance for impairment loss. This is derecognized when applied against output tax, when written off or when actual refund is received. When input VAT is derecognized, its cost and accumulated impairment losses, if any, are eliminated from the account.

Creditable withholding taxes are carried at face amount or at nominal amount. Creditable withholding taxes are included in current assets, except when these are expected to be utilized more than twelve months after the end of the reporting period, in which case these are classified as non-current assets. Creditable withholding taxes are derecognized when utilized or applied against income tax due.

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Other current assets include assets that are realized as part of the normal operating cycle and are expected to be realized within 12 months after the reporting period.

Restricted fund represents cash deposit with a third party for a purchase of a property. Restricted fund is derecognized upon full payment to the third party. The Group then determines whether the property is to be classified as property held for sale, an investment property, or property and equipment depending on the usage of the property.

19.9 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

The Group's investment property, principally comprising of properties in Mandaluyong and Makati City are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment properties (Note 10).

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraisers. Fair value is based on direct income capitalization approach and market comparison approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Changes in fair values are recognized in the consolidated statement of total comprehensive income under gain on fair value adjustment of investment properties.

An investment property is derecognized from the consolidated statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 19.11), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Property that is being constructed or developed for future use as investment property is classified as investment property.

Impairment of investment properties is discussed in Note 19.13.

19.10 Real estate development projects

Real estate development projects are undertaken by the subsidiaries and are carried at cost less any impairment in value. Cost primarily consists of acquisition cost of the property being constructed, air rights, expenditures for the development and construction of the real estate project and borrowing costs incurred, if any, in the acquisition of qualifying assets during the construction period and up to the date of completion of construction.

19.11 Property and equipment

Property and equipment, except land rights, are stated at historical cost less depreciation and amortization, and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of total comprehensive income within other general and administrative expenses during the financial period in which they are incurred.

Land rights are not depreciated. Depreciation and amortization of property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Building and leasehold improvements	25 or lease term, whichever is shorter
Transportation equipment	3 to 5
Furniture, fixtures and other equipment	2 to 5

Major renovations are depreciated over the remaining useful life of the related asset.

The assets' residual values and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 19.13).

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation and amortization are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized under other income or expense in the consolidated statement of total comprehensive income.

Depreciation or amortization ceases at the earlier of the date when the asset is classified as either investment property or property held for sale and the date the asset is derecognized.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use, and no further depreciation and amortization are charged to the consolidated statement of total comprehensive income.

19.12 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any NCI in the acquired company and the acquisition-date fair value of any previously-held interest in the acquired company over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the entity sold.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

19.13 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that have definite useful lives are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use requires the Group to make estimates of future cash flows to be derived from the particular asset, and to discount them using a pre-tax market rate that reflect current assessments of the time value of money and the risks specific to the asset. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable CGUs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but the increase should not exceed the carrying amount that would have been determined had not the impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized as income immediately.

19.14 Accounts payable and other current liabilities

Accounts payable and other current liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and financial liabilities at amortized cost are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, these are presented as non-current liabilities.

Accounts payable and other current liabilities are measured at the original invoice amount as the effect of discounting is immaterial.

Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other current liabilities and financial liabilities at amortized cost are presented in Note 19.5.

19.15 Deposits from tenants

Deposits from tenants are carried at the present value of future cash flows using appropriate discount rates. The difference between the present value and the actual deposit received is treated as additional rental incentive which is recorded under "deferred lease income" in the consolidated statement of financial position and are recognized as rental income using the straight-line method over the term of the lease.

19.16 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non- cash assets transferred or liabilities assumed, is recognised within interest expense and bank charges in the consolidated statement of total comprehensive income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged to profit or loss in the year in which they are incurred. The Group decided to avail relief issued by the SEC per Memorandum Circular No. 4-2020. The SEC provided for the relief to the real estate industry by deferring the implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) until December 31, 2023 (Note 19.2).

19.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset’s current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. The financial assets at fair value through profit or loss and listed financial assets at FVOCI financial assets are classified under Level 1 category.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Group's unlisted financial assets at FVOCI financial assets, refundable deposits, installment payable and deposits from tenants are included in Level 3.

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

19.18 Current and deferred income tax

The tax expense comprises current and deferred income taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In the sale of condominium units resulting in recognition of installments contracts receivable, full recognition for income tax purposes is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place can the Group control the reversal of the temporary difference that was not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized and settled, respectively. The Group reassesses at each reporting date the need to recognize previously unrecognized deferred income tax asset.

19.19 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are derecognized when the obligation is paid, cancelled or has expired.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the reversal is recognized in the consolidated statement of total comprehensive income within the same line item in which the original provision was charged.

19.20 Equity

(a) Share capital

Share capital consists of common shares, which are stated at par value, that are classified as equity.

Share premium is recognized for the excess proceeds and subscriptions over the par value of the shares issued.

(b) Treasury shares

Where any member of the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Parent Company's shareholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Parent Company's shareholders.

(c) Retained earnings

Retained earnings include current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any.

(d) Dividend distribution

Dividend distribution to Parent Company's shareholder is recognized as a liability in its financial statements in the period in which the dividends are approved by the Board of Directors.

19.21 Earnings per share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares in issue during the year.

Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

19.22 Employee benefits

(a) Retirement benefits

The Group maintains a defined benefit retirement plan determined by periodic actuarial calculations. This defined benefit retirement plan is funded through payments to a trustee-administered fund and determined by periodic actuarial calculations. A defined benefit plan is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. In cases when the amount determined results in a surplus (being an excess of the fair value of the plan assets over the present value of the defined benefit obligation), the Group measures the resulting asset at the lower of: (a) such amount determined; and (b) the present value of any economic benefits available to the Group in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest of government bonds converted into zero coupon rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(c) Short-term employee benefits

The Group recognizes a liability and an expense for short-term employee benefits which include salaries, paid sick and vacation leaves and bonuses. Bonuses are based on a formula that takes into consideration the resulting qualified profits. The Group recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or has expired.

19.23 Income and expense recognition

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has inventory risk and pricing latitude.

The following specific recognition criteria must be met before revenue and expenses are recognized;

(a) Revenue

Revenue from condominium sales

The Group develops and sells condominium units. Under a contract to sell a condominium unit, the object is the property itself, which is the normal output of a real estate business. In addition, this contract contains information such as the contracting parties' rights and payment terms, which are essential elements for a valid revenue contract. The Group assesses that contract must be signed by the contracting parties to make it enforceable prior to revenue recognition. Also, the developer assesses the commercial substance of the contract and the probability that it will collect the consideration. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivates the buyer to honor its obligation.

Contracts to sell condominium units are written on a lump sum payment basis or installment basis which include 10-20% reservation, down payments with installment terms ranging from 1-5 years.

The Group satisfies its performance obligation as it develops the property. In accordance with PFRS 15 and Philippine Interpretations Committee (PIC) 2016-04, the Group considers that the Group's performance does not create the asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date. Therefore, revenue is recognized over time, i.e. as the related obligations are fulfilled, measured principally using the output method on the basis of the estimated completion of a physical proportion of the contract work. Land and materials delivered on site, such as steels, rebars and elevators, which are yet to be installed/attached to the main structure, are excluded from the percentage-of-completion.

Revenue is measured at the transaction price agreed under the contract, except for contracts where the timing difference between the construction period and payment by the customer exceeds one year. In such contracts, the Group assessed that it is necessary to adjust the transaction price for the effects of a significant financing component as required by PIC Q&A 2018-12, but the Group decided not to adjust the transaction price and availed the relief issued by the SEC per Memorandum Circular No. 34-2020 dated December 15, 2020. The SEC provided relief to the real estate industry by deferring the application of the provisions of PIC Q&A 2018-12 for a period of three (3) years until January 1, 2024 or completed projects, revenue from condominium sales are recognized in full (i.e. point in time) once the Group assessed that the contract meets all criteria for revenue recognition.

Under the sales contract, customers are required to pay the transaction price (in the form of progress billings) over a certain period of time. Any excess (deficit) of collections over the recognized revenue are recognized as contract liabilities under accounts payable and other current liabilities (installment contracts receivable under Trade and other receivables, net) as shown in the consolidated statement of financial position.

Payments received from potential buyer to provide exclusive rights to buy a specific condominium unit under certain conditions and up to specified period are treated initially as a liability and are recognized as part of "customers' deposits" under accounts payable and other liabilities. These deposits are applied as payment of the transaction price as soon as the revenue recognition criteria are met.

Cost of condominium sales include upfront costs such as land costs and connection fees, which are accounted for as fulfillment costs, and development costs which contribute to the construction progress of the development project. Fulfillment costs are recognized as contract assets arising from fulfillment costs to the extent that such costs give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered. These costs are included in properties held for sale in the consolidated statement of financial position. Such contract assets are amortized as cost of condominium sales consistent with the revenue recognition method applied, subject to impairment up to the extent that the carrying amount of the asset exceeds (a) the remaining amount of consideration that the Group expects to receive; less (b) direct costs that have not been recognized as expenses. Development costs are recognized as expense as the work to which they relate is performed.

Incremental costs of obtaining a contract to sell condominium units include commissions paid to sales or marketing agents. Fixed monthly living allowance, transportation allowance provided to real estate agents and commissions paid prior to signing of contracts to sell are expensed outright. Commissions paid after signing of contracts are recognized as contract assets arising from costs to obtain a contract presented as 'prepaid commission' under prepaid expenses and other current assets in the consolidated statement of financial position. These are amortized as cost of condominium sales consistent with the revenue recognition method applied.

The cost of inventory recognized in profit or loss on disposal (cost of condominium sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC. The cost of condominium sales also includes the estimated development costs to complete the condominium, as determined by the Group's in-house technical staff, and taking into account the POC. The accrued development costs account is presented under "accounts payable and other current liabilities" in the consolidated statement of financial position.

Estimated loss on unsold units is recognized in profit or loss immediately when it is probable that total project costs will exceed total contract revenue.

Condominium units arising from cancellation of contracts to sell are initially measured by the Group based on its original carrying amount at the time it was sold.

(b) *Rental*

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term or based on a certain percentage of gross revenue of the lessees, whichever is applicable. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

When the revenue recognition criteria are not met, cash received from lessees are recognized as advance rentals, until the conditions for recognizing rental income are met.

(c) Hotel operations

Hotel revenue from room rentals, food and beverage sales, and other ancillary services are recognized when the services are rendered. Revenue from other ancillary services include, among others, business center and car rental, laundry service, telephone service and health club services. The services rendered are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, at a point in time for other goods or services, when they have been delivered or rendered.

Costs of hotel operations are expensed as incurred. These include expenses incurred for the generation of revenue from food and beverage sales, room rentals, and other ancillary services.

(d) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a Group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final withholding tax.

(e) Dividend income

Dividend income is recognized when the Group's right to receive payment is established, which is generally when the Board of the investee company approved the dividend.

(f) Other income

Administration and management services, customer lounge fees, banner income, income from cinema operations and other service income are recognized when the related services have been rendered. Revenues from auxiliary services such as handling, sale of scrap materials, import break bulk and brokerage are recognized when services are provided or when goods are delivered. Money received or amounts billed in advance for rendering of services or delivery of goods are recorded as unearned income until the earning process is complete.

(g) Cost and expenses

Cost and expenses are recognized when these are incurred.

CUSA charges to mall tenants are presented as a reduction to costs and expenses in the consolidated statement of total comprehensive income.

19.24 Leases

(a) Group is the lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease or based on a certain percentage of gross revenue of the lessees, whichever is applicable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Assets under these arrangements are classified as investment property in the consolidated statement of financial position (Note 19.9).

(b) Group is the lessee

The Group has adopted PFRS 16 Leases using the modified retrospective approach from January 1, 2019, as permitted under the specific transition provisions in the standard (Note 19.2).

Aside from exemptions in the standard for short-term and low-value leases which are recognized as operating leases under the provisions of PAS 17, lease payments are discounted using the interest rate implicit in the lease. Payments for leases of properties and office equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

19.25 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the date of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

On consolidation, the assets and liabilities of Gipsey and SHIL, foreign subsidiaries with functional and presentation currency of Hong Kong dollar, are translated into Philippine Peso at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other components of equity. On disposal of a foreign subsidiary, the component of other components of equity relating to that particular foreign subsidiary is recognized in profit or loss.

19.26 Related party relationships and transactions

Related party relationship exists when one party has the ability to control the other party, directly or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

19.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. These operating segments are the basis upon which the Group reports its segment information presented in Note 2 to the consolidated financial statements.

The accounting policies used to recognize and measure the segment's assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

19.28 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

Key Performance Indicators

		March 31 2025	March 31 2024	Change
Turnover	(Php M)	2,655.1	2,594.7	2.33%
Profit attributable to shareholders	(Php M)	1,008.8	1,134.0	-11.04%
Earnings per share	(Php Ctv)	0.212	0.238	-11.04%
Net asset value per share	(Php)	10.977	9.545	15.00%
Debt to equity ratio	(Ratio)	0.592	0.502	17.84%

- Turnover consists of sales of residential condominium units, revenue from rental and cinema and hotel operations. For three (3) months ended March 31, 2025, Shang Properties' revenue increased by ₱60 million (M) to ₱2.66 billion (B) from ₱2.60B revenue during the same period in 2024. Sales of residential condominium units accounted for ₱780.1M or 29% of the total revenue and is lower by ₱78.6M from ₱858.6M in the same period last year. Revenue from leasing operations amounted to ₱669.2M or 25% of the total revenue and is higher by ₱29.3M from ₱639.9M in the same period last year. Shangri-La at the Fort's hotel operations contributed revenue amounting to ₱1.2B or 45% of the total revenue and is higher by ₱109.6M from ₱1.1B in the same period last year.

- Profit attributable to shareholders amounted to ₱1.0B, lower by ₱125M or 11% compared with ₱1.13B in the same period last year. The decrease in profit attributable to shareholders is mainly due to higher general and administrative expenses because of new projects; higher advertising and promotion expenses of Shangri-La at the Fort and lower other income from cancelled units of The Rise as the project is now almost fully sold out. It also decreased because of lower share in profit of a joint venture by ₱53M or 13%.

- Earnings per share of ₱0.212 in 2025 is lower by 11% compared with ₱0.238 at the end of the first quarter of 2024.

- Net asset value per share is calculated by dividing the total net asset of the Group (Total assets – Total liabilities and equity attributable to non-controlling interest) by the number of shares outstanding. Net asset value per share increased by 15% mainly due to income generated during the period and additional property development costs incurred and capitalized during the period.

- Debt to equity ratio measures the exposure of creditors to that of the stockholders. It gives an indication of how leveraged the Group is. It is determined by dividing total debt by stockholder's equity. The Group's financial position remains solid with debt to equity ratio of 0.59:1 as of March 31, 2025 and 0.50:1 as of March 31, 2024.

Financial Condition

Total assets of the Group as of March 31, 2025 amounted to ₱92.3B, an increase of ₱419M from total assets of ₱91.8B in December 31, 2024. Following are significant movements in assets during the first quarter of the year:

- Cash and Cash Equivalents decreased by P287M mainly due to payment of dividends and usage in property development activities.

- Trade and Other Receivables decreased by ₱412M mainly due to collection of final balances of Shang Residences Wack Wack units that were turned over to buyers during the first quarter of the year.

- Properties Held for Sale increased by ₱289M mainly due to additional development costs of all ongoing projects.

- Prepaid and Other Current Assets increased mainly due to down payments made to contractors of ongoing projects as downpayment. These will be recouped from future progress billings. Also, included are annual prepaid expenses paid at the beginning of the year and will be amortized monthly.

- Investments in and advances to associates and a Joint Venture increased by ₱204M mainly due to the parent's share in Net Income from Shang Robinsons Properties, Inc. for 2025.

- Investment Properties increased by ₱504M mainly due to Construction costs incurred for Shang One Horizon project.

- Deferred Income Tax Assets decreased by ₱64M mainly due to income recognition of Shang Residences Wack Wack during the period which resulted to regular income tax and de-recognition of deferred tax assets.

- Other Noncurrent Assets decreased by ₱159M.

- Current ratio is 2.31:1 as of March 31, 2025 from 1.27:1 as of December 31, 2024.

Total liabilities decreased by ₱226M from ₱34.5B in 2024 to ₱34.3B in 2025 mainly due to the net effect of the following:

- Increase in Accounts Payable and Other current liabilities by ₱105M is mainly due to payments from buyers that are temporarily classified as Customers' Deposits due to pending completion of documentation.

- Increase in income tax payable by ₱198M is mainly due to income tax due for the first quarter of 2025 as well as final income tax payment for the year 2024.

- Deferred Income Tax Liabilities decreased by ₱138M mainly due to the recognition of revenue from property sales. Deferred income tax liability is recognized for the difference in installment method versus Percentage of Completion method. When revenue is recognized, the corresponding liability is recognized as well, thus decreasing the balance of the deferred tax liability.

Results of Operation

Consolidated net income for the period ended March 31, 2025 amounted to ₱1.0B which is lower by 11% from last year's ₱1.1M.

Turnover decreased by ₱60M to ₱2.66B in 2024 from ₱2.6B in 2025, mainly due to net effect of the following:

- Decrease in revenue from condominium sales by ₱79M mainly due to lower revenue from The Rise Makati as there were no units sold for this project in the first quarter and lower sales from Shang Wack Wack due to fewer units left in inventory. These were partially offset by the higher revenue recognized from Laya, Shang Summit and Bauhinia. Revenue from Laya project is higher during the first quarter with more units qualified for revenue recognition. Shang Summit and Bauhinina, on the other hand were only launched in the second half of 2024, thus no revenue was recognized in Q1 of 2024.

- Increase in revenue from rental and cinema by ₱29M mainly due to higher occupancy rate and rental yield of of Shangri-La Plaza Mall.

- Increase in revenue from hotel operations by ₱109M mainly due to higher occupancy of Shangri-La at the Fort Hotel during the first quarter of 2024 compared with the same period last year.

Total Cost of Sales and Services of the Group amounted to ₱1.1B, higher by ₱59M compared with last year's ₱979M. This was mainly due to the following:

- Increase in cost of condominium sales due to higher construction costs;

- Decrease in cost of rental and cinema by ₱9M mainly due to higher recovery of common area expenses during the first quarter of 2025; and

- Increase in cost of hotel operations by ₱26M due to higher departmental expenses because of higher occupancy rate.

Total Operating Expenses of the Group amounted to ₱652M, higher by ₱105M compared with last year's ₱546M. This was mainly due to the net effect of the following:

- Increase in general and administrative expense by P99M is mainly due general and admin expenses of Shang Summit and Bauhinia as these were launched in the second half of 2024. Staff cost also increased due to annual salary adjustments.

- Increase in taxes and licenses due to documentary stamp tax on bank loans and business taxes paid during the first quarter.

- Increase in insurance by ₱2.7M mainly due to higher premiums caused by current market conditions.

Other Income increased by ₱63M mainly due to income from significant financing component of Wack Wack.

<u>Financial Soundness Indicators</u>

	End of March 2025	End of December 2024
Current Ratio[1]	2.31:1	1.27:1
Debt-to-equity ratio[2]	0.59:1	0.60:1
Asset-to-equity ratio[3]	1.59:1	1.60:1
	1Q 2025	**1Q 2024**
Interest rate coverage ratio[4]	125.85	434.69
Return on assets[5]	4.38%	5.96%
Return on equity[6]	7.00%	8.88%

[1]*Curre*nt assets/current liabilities
[2]Total liabilities/stockholders' equity
[3]Total asset/stockholders' equity
[4]Income before interest and taxes/interest expense
[5]Annualized net income/average total assets[7]
[6]Annualized net income/average stockholders' equity[7]
[7]Annualized net income = 1Q Net income x Average Total Assets = average total assets as of end March 2025 and end of March 2024
Average Stockholders' Equity = average stockholders' equity as of end of March 2025 and end of March 2024

PART II--OTHER INFORMATION

Item 2. Information required by Part III, Paragraph (A) (2) (b) of "Annex C" of SRC Rule 12

- There are no known trends or any known demands, commitments, events or uncertainties that will result in or that will reasonably likely result in the registrant's liquidity increasing or decreasing in any material way.

- There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of obligation.

- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

- There are no material commitments for capital expenditures.

- There are no known trends, events or uncertainties that have or that are reasonably expected to have material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

- There are no significant elements of income or loss that did not arise from the registrant's continuing operations.

- There are no material changes in periodical reports.

- There are no seasonal aspects that had a material effect on the financial statements.

Item 3. Other Required Disclosures

A. The attached interim financial reports were prepared in accordance with Philippine Financial Reporting Standard. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2024.

B. Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

C. There were no materials changes in estimates of amounts reported in prior period that have material effects in the current interim period.

D. Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there were no other issuances, repurchases and repayments of debt and equity securities.

SHANG PROPERTIES, INC. AND SUBSIDIARIES

AGING OF RECEIVABLES

As of March 31, 2025

TENANTS	TOTAL RECEIVABLES	CURRENT	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
Mall Tenants	173,699	121,891	42,898	8,910	-	-
EDSA Shangri-La Hotel & Resort	30,709	11,108	10,775	8,826	-	-
TSFT Commercial Space	2,275	2,275	-	-	-	-
TEC Tenants	123,111	123,111	-	-	-	-
Third Parties	301,029	269,131	11,891	14,520	5,487	-
Installment Contracts Receivables	4,667,245	4,667,245	-	-	-	-
	5,298,068	5,177,180	65,564	32,256	5,487	-

Note: Installment Contracts Receivables include both current and long-term portion, and are covered by post-dated checks from customers.

MABEL TACORDA
Chief Financial Officer

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **MAXIMO G. LICAUCO III**, Filipino, of legal age and a resident of 14 Anahao St., Valle Verde IV, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **SHANG PROPERTIES, INC.**,

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
FILSTAR DISTRIBUTORS CORPORATION	CEO	1998 TO PRESENT
LIRAFIL CORPORATION	PRESIDENT	1983 TO PRESENT

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SHANG PROPERTIES, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and SEC issuances.

4. I am related to the following director/officer/substantial shareholder of **SHANG PROPERTIES, INC.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/Investigated	Tribunal or Agency Involved	Status

6. (For those in government service/affiliated with a government agency or GOCC) I have required written permission or consent from the (head of the agency/department) to be an independent director ____________________, pursuant to Office of the President Memorandum Circular No. 17 and section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of SHANG PROPERTIES, INC. of any changes in the abovementioned information within five days from its occurrence.

Done this 21st day of April 2025 at Pasig City.

MAXIMO G. LICAUCO III
Affiant

SUBSCRIBED AND SWORN to before me this 21st day of April 2025 at ~~Pasig City~~ QUEZON CITY affiant personally appeared before me and exhibited to me Passport No. P1434379B issued at DFA NCR EAST on 11 April 2019 expiring on 10 April 2029.

Doc. No. 440;
Page No. 82;
Book No. XXXIV
Series of 2025.

ATTY. FELIZARDO M. IBARRA
Notary Public for Q.C/Until Dec. 31, 2025
Roll No. 80835
PTR No. 6986788D/Jan.07, 2025/Q.C.
IBP No. 331161(2024-2025)/Q.C
MCLE Comp. No. VIII-0000973(04/15/2022-04/14/2025)
Admin. Matter No. NP. 038(2025-2026)
Quirino Highway Brgy., Kaligayahan Q.C.

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ANTONIO O. COJUANGCO**, Filipino, of legal age and a resident of 2335 Makopa Street Dasmarinas Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **SHANG PROPERTIES, INC.**,

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
Ballet Philippines, Inc.	Chairman	1993 - present
Calatagan Golf, Inc.	President & Director	**April 1993 - present**
CAP Life Insurance	Chairman	Apr. 2000 – present
Cinemalaya Foundation	Chairman	Jan 2006 - present
Directories Philippines Corporation	Chairman	**Jan 2011 -present**
Nabasan Subic Development Corporation	Chairman	**Aug 2009 - present**
Radio Veritas	Chairman	**July 1994 - present**
Tanghalang Pilipino	Chairman	2000 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SHANG PROPERTIES, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and SEC issuances.

4. I am related to the following director/officer/substantial shareholder of **SHANG PROPERTIES, INC.** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/Investigated	Tribunal or Agency Involved	Status

6. (For those in government service/affiliated with a government agency or GOCC) I have required written permission or consent from the (head of the agency/department) to be an independent director ____________________, pursuant to Office of the President Memorandum Circular No. 17 and section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **SHANG PROPERTIES, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this _________ day of ________________ at ________________.

ANTONIO O. COJUANGCO
Affiant

SUBSCRIBED AND SWORN to before me this APR 29 2025 day of _________ 2025 at Mandaluyong City affiant personally appeared before me and exhibited to me Passport No. _P4757237B issued at __DFA Manila on February 10, 2020 expiring on February 9, 2030.

Doc. No. 401;
Page No. 82;
Book No. IV;
Series of 2025.

DSK2022
25236400

ATTY. KEVIN A. BONAOBRA
Commission No. 0678-25
Notary Public for Mandaluyong City
Until December 31, 2026
Shang Properties, Inc., Level 5 Shangri-La Plaza
EDSA cor. Shaw Boulevard, Mandaluyong City
Roll No. 64345
PTR No. 5712222, 01/06/2025; Mandaluyong City
IBP No. 499122, 01/06/2025; Albay Chapter
MCLE Compliance No. VII-002027[illegible]

CERTIFICATION

I, **FEDERICO G. NOEL, JR.**, of legal age and with business address at Administration Office, Shangri-La Plaza, EDSA corner Shaw Boulevard, Mandaluyong City, being the duly elected Corporate Secretary of **SHANG PROPERTIES, INC.** (the "Corporation"), under oath, do hereby certify that:

1. None of the incumbent members of the Board of Directors and Executive Officers of the Corporation are connected with or work for any government agency body.

2. This Certification is being issued in compliance with the requirement of the Markets and Securities Regulation Department of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have signed this Certification this ______ at Mandaluyong City.

FEDERICO G. NOEL, JR.
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
IN THE CITY OF MANDALUYONG) S.S.

MAY 0 5 2025

SUBSCRIBED AND SWORN to before me in the City of Mandaluyong this ____day of _____ by Federico G. Noel, Jr., having satisfactorily proven to me his identity through his Philippine Passport No. P6098076A issued by the DFA Manila on 20 February 2018 and valid until 19 February 2028, and who personally appeared before me and signed the foregoing Certification, and acknowledge that he executed the same freely and voluntarily, that he is acting as the authorized representative of Shang Properties, Inc. and that he has the authority to sign in such capacity.

ATTY. ARCHIMEDES W. VILLANUEVA
Commission No. 0679-25
Notary Public for and in Mandaluyong City
Until 31 December 2026
Level 5 Shangri-La Plaza, EDSA cor. Shaw Blvd., Mandaluyong City
Roll No. 67435
PTR No. 5702917 / 02 Jan 2025 / Mandaluyong City
IBP Lifetime No. 017379 / 20 May 2017 / RSM Chapter
MCLE Compliance No. VII-0020670 / 06 Jun 2022 / Pasig City

Doc. No. [illegible];
Page No. [illegible];
Book No. N;
Series of 2025.

BUWIS RENTAS INTERNAS
DSK2022
25345523
30 30